

# The NATIONAL UNDERWRITER

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## Life Companies Protest Inequity Of N.Y. Ban On Multi-Line Sales

By ROBERT B. MITCHELL

Executive editor, The National Underwriter Life Edition

NEW YORK—Amendment of the New York law so as to permit life companies to write fire-casualty lines, directly or through affiliates, was strongly urged by all six life companies whose testimony was offered at the hearing conducted here by the joint legislative committee on insurance rates and regulation.

It was also disclosed that Connecticut General Life has a suit pending against the New York insurance superintendent to obtain a declaratory judgment that the state attorney-general was wrong in interpreting the

New York law as barring an out-of-state life company from acquiring a fire-casualty affiliate on pain of losing its New York license.

The six companies that were heard on the proposed amendment are Connecticut General, Equitable Society, Guardian Life, Home Life of New York, Mutual of New York and New York Life. All but Connecticut General disclaimed any present plans for making use of the right to do a multiple-line business but all six strongly stressed the unfairness of letting fire-casualty companies do a life business through subsidiary companies while denying the right to life companies to do a fire-casualty business.

No life company opposed the move,

nor did any of the numerous fire-casualty representatives present offer any testimony at all, but Superintendent Thacher, in a letter read by First Deputy Samuel Cantor, expressed the department's unqualified opposition to the proposed amendment.

### Text Of Thacher Letter

The letter, addressed to Sen. Condon, chairman of the joint committee, said:

"Since your announcement of the hearing concerning amendment of the insurance law to permit life insurance companies to engage in multiple-line operations I have received a number of inquiries asking whether any such

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## Justice Department Moves Vs Insurers In Aviation Field

Subpoena Groups To Appear Before Grand Jury In N. Y. Feb. 11 With Documents

The Department of Justice has instituted anti-trust proceedings against the aviation insurance business. Subpoenas have been served on Associated Aviation Underwriters, U. S. Aviation Underwriters, Aviation Insurance Rating Bureau and Stewart, Smith & Co., directing them to produce certain documents relating to their business before the grand jury in the southern district of New York (New York City) Feb. 11.

The grand jury authorization is understood to be couched in language broad enough to enable it to inquire into matters other than aviation insurance. However, initially the investigation appears to be aimed at the aviation insurance business alone.

### Subpoenas Being Studied

The subpoenas are being given the closest kind of study against the framework of public law 15, the McCarran act, to determine whether the action of the Department of Justice is not an assumption of jurisdiction by the federal government over an area limited by that law to the states. It has been the consistently maintained position of the aviation insurance business that it is and has been positively regulated by the states.

It is recalled that at one point in the hearings of the Senate anti-trust and monopoly subcommittee Sen. O'Mahoney, who was conducting, indicated that he was going to supply the Justice Department with a record of the hearings on aviation insurance. These hearings were conducted Aug. 6, 7, 8, 14 and 15, 1959.

It is pointed out that if the Justice Department had filed a complaint in the case it would involve a civil action. If it takes the grand jury route, it

(CONTINUED ON PAGE 8)

## John Hommes Is Successor To Parker At WAB

John Hommes has been advanced to manager and secretary of Western Actuarial Bureau, effective Feb. 1, to succeed Kent H. Parker, who is leaving at that time to become general manager of Inter-Regional Insurance Conference in New York.

At the same time, Rush W. Carter, Aetna Fire, was elected chairman of the executive committee of WAB to succeed Herman P. Winter, America Fore, and Earl R. Sanborn, Great American, was elected vice-chairman succeeding Paul H. Barr, Hanover.

Mr. Hommes has been with WAB since 1941 and has been a rating bureau man since 1929 when he graduated from Illinois Tech in fire protection engineering. As an engineering scholarship student, he was assigned to Kentucky Inspection Bureau, and worked there as inspector and engineer until going with WAB. In 1953 he was advanced to assistant manager, and has had responsibility for schedule and engineering. He is chairman of the scholarship committee of Illinois Tech and has been active as a member and chairman of various technical committees of National Board and National Fire Protection, the advisory engineering council of National Board and Society of Fire Protection Engineers.

He will be assisted by Edwin N. Searl, who continues as assistant manager, and by P. Robert Bechtolt, who was advanced to assistant manager. Mr. Bechtolt has been with WAB since 1950 and before that was with Missouri Inspection Bureau.



John Hommes

## 700 At Hearing On Tex. Safe Driver Plan

AUSTIN—Legislators, agents and company executives comprised most of the audience of 700 that attended a hearing on the new Texas safe driver merit rating plan here last week with Penn J. Jackson, chairman of the Board of Insurance, presiding.

Criticisms of the plan, which went into effect Jan. 1, centered on the inclusion of moving traffic violations as rating penalties and on its retroactive provision for a three-year record of such penalties. Defenders of the plan, which was evolved following a year's study by an industry committee, argued in brief that the plan should be given a fair test before revisions are ordered. In all, some 55 witnesses were heard.

The principal opponents of the plan's provisions were three state senators; Keith Kelly, representing National Assn. of Independent Insurers, and officers of State Farm Mutual Auto. The main supporters were Gus S. Wortham, for Texas Assn. of Fire & Casualty Companies; R. B. Cousins of Texas Auto Insurance Service Office; David B. Irons, former member of the board; Carl H. Hunt of Texas Assn. of Insurance Agents, and James O. Musick of Texas Safety Assn.

Just prior to the hearing a suit was filed in Austin by members of the Harris County (Houston) chapter of Texas Assn. of Plaintiffs Attorneys alleging that the new rates are unconstitutional, but no immediate court order was sought. A permanent injunction is sought, but no date has been set by the court for a hearing.

Merritt Rowland has been elected president of Thompkins & Co., San Francisco brokers. Stuart C. Thompkins, founder of the firm, becomes chairman and chief executive officer, and Don Lowe, executive vice-president.

## \$1 Million Value On Jet Prop Plane

The Vickers Viscount turbo prop plane of Capital Airlines which crashed at Holdcroft, Va., on a flight from Chicago to Norfolk, by way of Washington, was insured by U. S. Aviation Underwriters. The hull was valued at approximately \$1 million. The plane crashed into a marsh in a heavy fog. A blaze enveloped the wreckage. All 49 passengers died.

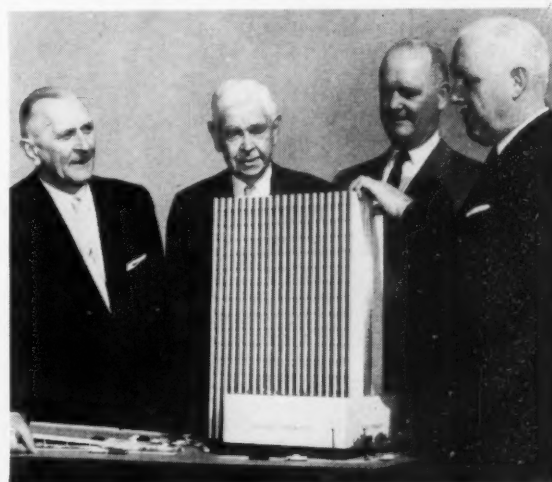
## Recognizable Pattern Seen In Automobile Developments

Discussing the current automobile insurance situation before the Insurance Board of Cleveland at its January meeting, Robert C. Dauer, assistant editor of the Fire, Casualty & Surety Bulletins, pointed out that in spite of the confusion clouding the auto picture, there is a recognizable pattern to the events which have been occurring.

He predicted that diversification has gone about as far as it can, that soon the situation will begin to stabilize, and then there will be a gradual trend to more uniformity.

Members of Pacific Indemnity building committee view a model of the new building being erected in Los Angeles. From left: Clarence R. Herda, president Pacific Indemnity; William A. Simpson, president William Simpson Construction Co.; F. Marion Banks, president Southern California Gas Co., and Harry Volk, president Union Bank.

(Story on page 5.)



## Chicagoans Hear Five Speakers Give Outlook For 1960

### Union League Club's Insurance Group Has Annual Forecast Session

The high quality of the "Review and Forecast" offered the Insurance Group of Union League Club of Chicago was maintained at the 1960 session. Five well-qualified speakers offered their opinions of the outlook for various aspects of the insurance business.

One of the chief reasons for the success of this meeting, which now commands one of the large dining rooms in the club to accommodate an ever-increasing turnout, is that the speakers are not of the "let's all pull together" variety. They give a realistic appraisal of what they see and put it on the line. It is a stimulating meeting.

#### R. L. Davis Presides

Roy L. Davis, midwest manager Assn. of Casualty & Surety Companies, chairman of the Insurance Group, was the presiding officer, as he has been at all of the forecast meetings. He sets up the program and obtains the speaking talent. Mr. Davis sees to it that speakers understand they have only 10 minutes in which to present their views. He keeps the meeting moving along at a lively pace, and wastes no time with elaborate preliminaries. For example, the dignitaries who rate special introductions and applause are introduced while the dessert is being served, thus saving valuable program time.

The 1960 panel consisted of Robert Neal, general manager Health Insurance Assn., who covered A&S insurance; Alfred N. Guertin, actuary American Life Convention, life insurance; Vincent S. McKerrow, vice-president reinsurance and excess line division Continental Casualty, property and casualty insurance; Director

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### More Big Awards As Plaintiffs Gain In Chicago

Awards of \$200,000 and \$30,000 in the past week increased damages given by juries in personal injury cases in Chicago since Sept. 1 to \$3,159,808 out of a total demand of \$5,930,200, according to data compiled by Cook County Jury Verdict Reporter.

Plaintiffs won nine of the 14 cases decided in the week ending Jan. 15, but for the period since Sept. 1 defendants still are ahead, 109 to 90 in total decisions.

The \$200,000 decision rose out of an automobile accident in which the plaintiff suffered permanent brain damage.

### Ill. Bureau Auto Rates Reduced As Of Jan. 25

New auto rate schedules for Illinois Bureau of Casualty Insurers have been approved and become effective Jan. 25. They reflect approximately the same reduction as those which became effective Dec. 30 in the state for National Bureau companies. For Chicago the decrease in BI and PDL will be 5.6% and 3% for PHD. For suburbanites, the reductions in that order will be 2.6% and 4.9%.

# Court Sets Aside Verdict In Which Photos, Other "Techniques" Figure

Admission of photographs in color showing the plaintiff's injuries; the citing of baseball players' salaries as a means of calling the jury's attention to the declining value of the dollar; and the use of a "mathematical formula argument" to produce a \$20,000 verdict all combined to produce a "cumulative prejudicial effect" in the case of Fought vs Washam. The Missouri supreme court, on these grounds, set aside the judgment for the plaintiff and remanded the case.

This was the second appeal in a damage suit for personal injuries allegedly sustained in an accident Oct.

15, 1953, on a bridge near Macon, Mo. The first trial resulted in a jury verdict for the defendant, but on appeal the judgment was reversed and the case remanded because of an erroneous instruction. Retrial resulted in another jury finding for the plaintiff and assessed his damages at \$20,000. The defendant appealed.

#### Goes To Sleep On Bridge

The plaintiff, 20, was driving at 60 to 65 miles an hour, on a dark clear night, when he dozed off as he approached a bridge. His auto veered to the left, sheared off a guard rail and

tore down 105 feet of the bridge railing before coming to a stop crosswise of the highway.

This accident, the plaintiff testified, did little damage to the car and left him unscathed and mentally alert. Another car, driven by the defendant, came up to the bridge. The defendant testified that he veered off before striking plaintiff's car and that his car went off the bridge before it struck the stranded vehicle.

The plaintiff contended that most of the damage to his car and all of his injuries were caused by collision

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## Harbor Of Los Angeles In Expansion Program

Harbor of Los Angeles has been licensed in Illinois. The company now operates in 12 states, but Illinois is the first move away from the west coast.

Control of Harbor is held by Swett & Crawford general agency and Lloyd's representatives of Los Angeles, but the insurer is operated as a separate entity. James W. Bourland is president.

During 1959 Harbor was reorganized. Control was purchased by Swett & Crawford in April and it is specializing in large line liability and workmen's compensation business on a brokerage basis. The company intends to become licensed in about a dozen midwest and southern states.

In Chicago, the combined Swett & Crawford-Harbor headquarters are being moved to 4,000 feet of space on the 19th floor of the Insurance Exchange Building. This will about double the amount of space Swett & Crawford has occupied. The organizations are in the process of staffing a combined claims operation and later on they will set up a combined engineering department.

Swett & Crawford has added to its underwriting staff in Chicago, with Robert F. O'Leary, formerly with Hanover, heading the production department, and Elmer Glover as his assistant. Mr. Glover had his own consulting brokerage office in Chicago.

J. R. Mulder is vice-president in charge of the Swett & Crawford office at Chicago.

## Harold Scott Heads Farm Underwriters

Harold K. Scott, Aetna Fire, was elevated to president of Farm Underwriters Assn. at the annual meeting last week at Chicago. He had been vice-president and acting president since B. R. Walinder, America Fore, retired in October.

The new vice-president is J. R. Munson, Home, and Kenneth S. Ogilvie was reelected secretary-treasurer.

Among the visitors were Mr. Walinder and C. E. Parks, National Fire, retired, and H. G. Bannerman, Hartford Fire, retired, who came down from Red Granite, Wis. All three are past presidents.

Mr. Scott stated in his address that Farm Underwriters Assn. has designed a farm homeowners policy and it is ready for submission to Inter-Regional Insurance Conference for approval. He added that FUA has been continued as a separate entity under the reorganization of bureaus and trade associations and he described this as a recognition of the accomplishments of the organization.

Lower farm supports and a speed-up of the conservation reserve program will help shift the marginal farmer out of farm production, Mr. Scott said. Farms will continue to grow in size and become fewer in number. These better farms will require expert management. They will be run along the lines of commercial enterprises and they will purchase insurance in packages just as businesses do. Insurers must go to the farm to sell their services and products as they are demanded, Mr. Scott said. Some of the risks will require special rate-making treatment as already is partly begun with the special survey and rating plan of Farm Underwriters Assn. and the special rating used for fused enameled steel silos and grain storage buildings.

### Five Named Assistant V-Ps At Chicago By M. & M.

Edward J. Boland, John T. Dwyer, Leonard L. Hilgart, George J. Maul-off Jr. and Gregory L. Quinn have been appointed assistant vice-presidents at the Chicago office of Marsh & McLennan. It was erroneously reported last week that they were named vice-presidents.

National Assn. of Insurance Agents is moving its Washington D.C. office Feb. 1 to suite 801, Warner Building, 13th and E Streets, N.W.

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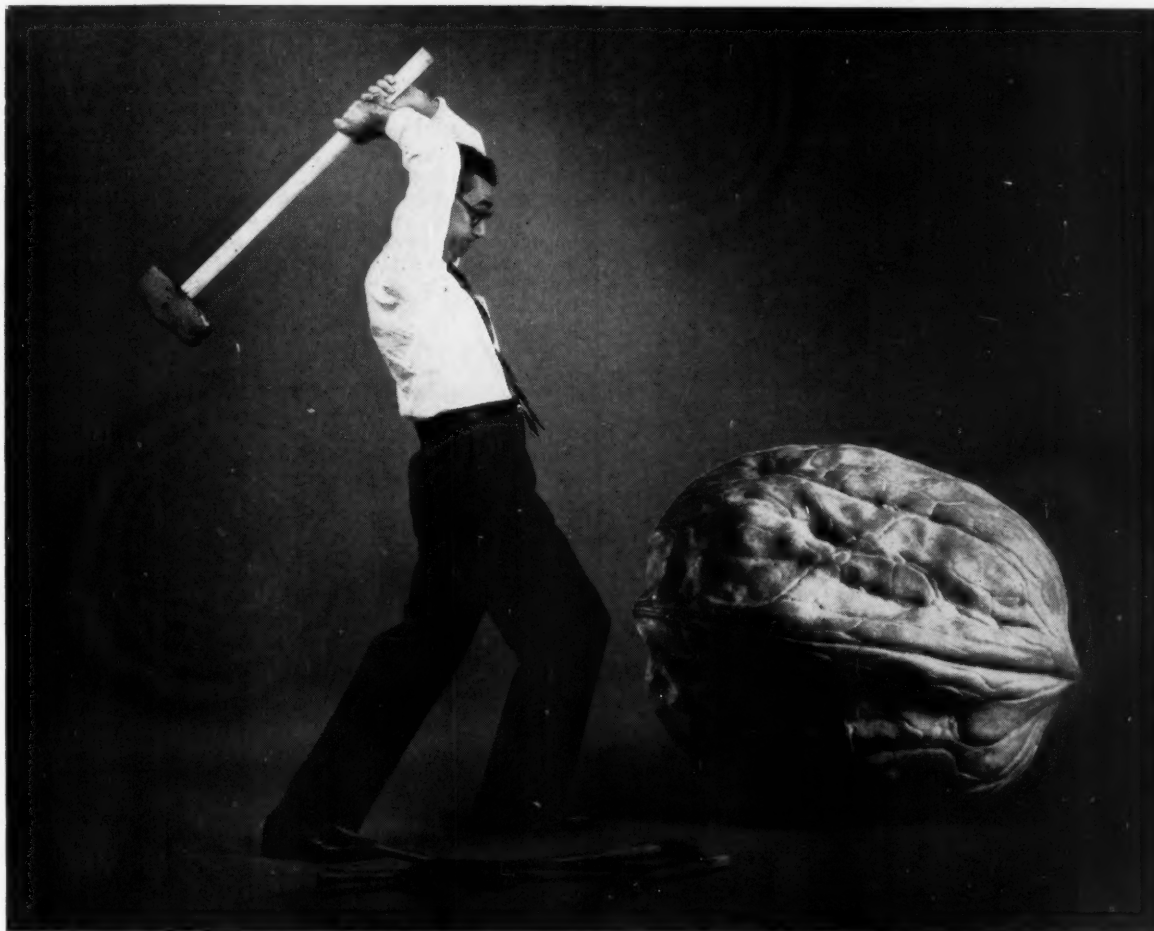
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3) Background should include both personal and commercial lines. Majority managerial openings require heavy commercial.

## Testimony On Tangier Insurer Reiterated And Added To In N.Y.

Only two out of 46 individuals and corporations showed up at a state supreme court hearing in New York as the result of requests issued by Attorney General Lefkowitz, who is investigating what he terms a national fraud involving \$100 million invested in eight savings and loan associations whose deposits were guaranteed by International Guaranty & Ins. of Tangier, Morocco.

The two were Harry R. Hayes, insurance broker of Massapequa, N. Y., and "pro tem president" of Anglo Canadian Underwriters of Newfoundland, and Loretto V. Chooljian, a secretary in the office of U. S. Foreign & Marine Securities Ltd., 44 Wall Street, New York. One person who was subpoenaed, J. Howard McGrath, former U. S. Attorney General, testified before the hearing. That testimony was to be submitted to the court when it has been reduced to written form. A fourth person, Herbert Oppenheim of Coronado, Cal., who described himself as a former insurance agent, filed an affidavit.

### Resumption Jan. 25

The hearings were scheduled to be resumed Jan. 25.

Stewart B. Hopps, who has indicated that at one time he acted as a consultant to the insurer, responded to a request by the attorney general to appear by writing from his home in Belvedere, Cal., that he did not plan to be in New York. However, he offered to be of assistance by mail. Mr. Lefkowitz told reporters after the hearing that such testimony would be comparatively useless.

Mr. Lefkowitz also indicated that he was studying possible proceedings against three savings and loan associations under New York act which regulates securities transactions. The three firms, he said, are Utah Savings & Loan of Provo, Commercial Savings & Loan of Baltimore, and City Savings Assn. of Chicago.

Carl Madonick, assistant attorney general in charge of the bureau of securities, reviewed the affairs of International Guaranty in a lengthy deposition. This included the action of the California department and an analysis of the company's assets.

Mrs. Chooljian testified that she was the only employee at the office of U. S. Marine & Foreign Securities. She has been with the firm since 1954 and previously with Rhode Island Ins. Co. She said that Mr. Hopps was her employer and that though not a director or officer of the firm, owns 100% of the stock. She is paid by check by Anglo Canadian Underwriters, she said, on checks signed by Mr. Hayes and herself with authority from Mr. Hopps.

### Reinsurance Brokerage Firm

She said U. S. Marine & Foreign Securities handled placement of reinsurance contracts and that the firm's ownership had undergone a change in late 1953 and early 1954. She described Mr. Hopps' relationship as friendly with the new ownership, which, she indicated, included Cubans. She thought the directorate included Rembert Raynaldo and Julio Hebia. She said she didn't know Eric Van Galder, who has appeared in testimony as the head of International Guaranty.

Mr. Hayes said he was never employed by International Guaranty or with a brokerage firm representing it which was established at Silver

## Ala. Life & Casualty, National Security Are Merging

Alabama Life & Casualty of Birmingham and National Security of Elba, Ala., have merged on a share for share basis. The continuing company will be National Security. The principal office will be at Birmingham, but the weekly premium department will remain in Elba.

Officers of the new company are W. D. Powell, chairman; Warren B. Crow, vice-chairman; William L. Brunson, president; Robert W. Herring and Jack R. Brunson, vice-presidents, and Durward M. English, secretary-treasurer. Mr. Powell was president and Mr. Herring vice-president of Alabama L.&C. William L. Brunson and Jack R. Brunson were president and vice-president respectively of National Security prior to the merger.

## Panel To Discuss Future Marketing Trends At CLU, CPCU Joint Meet, Jan. 27

A three-man panel will discuss future insurance marketing trends under the theme "The Face of Tomorrow" at the annual joint meeting of the New York City CLU and CPCU chapters, Jan. 27, in the America Fore home office building.

Panel members will be Edwin S. Overman, assistant dean of American Institute; Harry Phillips, agent of Penn Mutual Life and a director of the New York City CLU chapter, and Melvin Warshaw, partner in the law firm of Wolkenberg & Warshaw.

## Pocket Planner Makes Good Log For Income Tax Record

American Excess, excess and surplus lines management and underwriting firm, has started a monthly publication, Log, which is designed as a handy pocket planner. It is of pocket size and shows a full month's appointments. There is space for each date and for notations and memos. The record enables the user to keep track of pocket expenses for use in substantiating these for tax purposes.

Anyone in the insurance business may have the Log free upon request to the company, 2039 Walnut Street, Philadelphia 3.

Lawrence B. Jones, president of Mosher Steel, has been elected a director of Traders & General of Dallas. He succeeds Temple H. Morrow, who has resigned.

Spings, Md., early in 1958. To the best of his knowledge the principals of that firm, called International Guaranty & Ins. Underwriters, were Frank McAdams and Paul Van Wagner of Chicago. He said that his work with the firm consisted of helping establish it.

He denied ever soliciting business at Brooklyn Savings & Loan or any other similar association. He testified he had never worked for Mr. Hopps though he had known him 25 years.

Mr. Oppenheim, writing from Phoenix, indicated that at one time he was associated with Mr. Hopps, International Guaranty, and the business of guaranteeing savings and loan investments. Dutch West Indische, another insurer of which Mr. Hopps was the directing head, also had its base in Tangiers, Mr. Oppenheim indicated. In his affidavit he made it clear that Mr. Hopps was the head of International Guaranty.

## New Pacific Indemnity Building Is Started

Ground has been broken at the corner of Wilshire Boulevard and Vermont Avenue in Los Angeles, site of the 16-story Pacific Indemnity building now under construction in the growing Wilshire insurance district. The \$6,500,000 office structure will rise 225 feet and house Pacific Indemnity's home office. The site has 145 feet of Wilshire Boulevard frontage and will be designated as 3200 Wilshire Boulevard.

To be constructed of architectural concrete with fluted aluminum strips on the tower portion, the building will have an area of 236,777 square feet. The base structure, covered in marble and granite, will attach to parking facilities for 414 cars. The parking structure will be on four levels and contain an additional 136,000 square feet.

The building will have some of the city's most modern facilities, including six high-speed electronic elevators and fully air conditioned offices with multi-zone controls. Completion date is set for February of next year.

Ground breaking ceremonies were attended by a number of prominent business personalities connected with the building project, including the Pacific Indemnity building committee and Claud Beelman, president of Claud Beelman & Associates, the building architects and engineers.

## New Budget Plan For American Casualty

American Casualty has introduced a new premium budget program—Accoplan—through Acco Inc., its premium financing subsidiary.

The plan features a budget agreement, equal payments, low interest charges, no service fees, and small minimum payments. The agreement can cover one or more policies. Additional policies may be added at any time. A coupon book is provided for monthly payments. The company makes all collections after the down payment. The plan is used for either personal or business coverages, and premiums are reported to Acco in the normal manner.

### Other Features

The plan went into effect in each of the 61 Acco and American Casualty branch and service offices on Jan. 1. As of Jan. 31, Acco no longer will accept premium budget contracts submitted under its present premium finance plan.

Minimum payments are \$6 per month, \$10 per quarter or \$15 per year. With the exception of budget agreements that include A&S policies, insured's signature is not required. Insured tears out the proper monthly coupon, attaches it to his check and mails both to Acco. For quarterly and annual payments, Acco sends a payment-due notice prior to the due date.

## N. J. Rules Insurer Good Faith Vital In Claims

New Jersey supreme court has ruled that an insurer must exercise good faith in dealing with offers of compromise which have the company's and insured's interest in mind. The ruling came in a reversal of a lower court's finding that attorneys had failed to prove that Lincoln Mutual of New Jersey was liable through failure to investigate fully a claim within its policy limits.

Annette Myers of Rahway was in-

jured by a cab owned by Radio Taxi Service in May, 1955. She sued the cab company for \$3,600. The company's insurer refused to settle, and a jury awarded her \$13,500 of which the cab company agreed to pay \$5,000. The company then sued the insurer for \$8,500 on the grounds of negligence through lack of proper investigation.

In its reversal of the lower court's finding for the insurer, the high court held that a reasonable and diligent effort must be made to ascertain facts upon which a good faith settlement can be formulated.

## Louisville Board Meets; Officers Are Reelected

The Louisville Board, the oldest local board in the U.S., celebrated 106 years of association activity at its annual meeting and luncheon.

All officers—President Robert L. Wyatt, Vice-president James L. Harris, and Secretary-Treasurer R. W. Barnes Jr.—were reelected.

William T. Hockensmith, new Kentucky commissioner, delivered a short talk in which he gave credit to retiring Commissioner Thurman, who was

present, for his assistance. Also on hand were Deputy Commissioners L. D. Cassady and Frank Hart.

Maj. Harold Foster of the Louisville fire department's fire prevention division presented the board with a plaque in recognition of its cooperation in fire prevention activities.

## Smith To Shelby Mutual Claims Job

Shelby Mutual has appointed Donald E. Smith claims manager at Columbus, O. He joined the company in 1949, and prior to his appointment he headed the claims office at Lima, O.



"Before you start selling you first have to get attention"

Bugles and false noses also can create quite a stir. But getting attention from the buyer of workmen's compensation is simpler and easier when you use Bituminous' new brochure, "Safety Is Good Business." This attention-getting presentation demonstrates why Bituminous accident prevention programs invariably reduce losses and help keep rates at bed-rock. Combined with Bituminous'

specially tailored and individualized rating plans, Bituminous' safety engineering is a potent selling tool. Send for your free copy of "Safety is Good Business," and ask your nearest branch office how to use it to write more (and also more profitable) comp coverages.



# Bituminous Casualty Corporation

BITUMINOUS FIRE AND MARINE INSURANCE COMPANY • ROCK ISLAND, ILLINOIS

Specialists in Workmen's Compensation

## Five Speakers Present Outlook For 1960

(CONTINUED FROM PAGE 2)

Joseph S. Gerber of Illinois, insurance regulation, and Levering Cartwright, president Cartwright, Valteau & Co., insurance stocks.

For 1960 and for the next decade, prosperity is forecast for the U. S., Mr. Neal observed. Great advancements are predicted both socially and culturally. The demand for A&S insurance is likely to increase at an accelerated rate in what is already a \$6 billion business. The accident and

health insurance companies are adequate to do the job, he said, if they are unhampered or unfettered by government intervention.

The year 1960, an election year, Mr. Neal said, is a crucial one for health insurance. The issue is not continuance of health insurance but a question of whether it will be voluntary or collectivistic.

Housing, job opportunities, income and health are four major social prob-

lems with which the government is dealing. In health insurance, the Forand bill is the great threat to the business. Mr. Neal said to append health insurance to the social security law will not help persons needing it the most, those not already under the act. The cost of the Forand legislation in the first year is estimated at more than \$2 billion.

He pointed out that approximately 80% of the U. S. population already has health insurance coverage of some form and the companies are taking steps in many ways to continue

or permit coverage at older ages.

Persons in the voluntary A&S insurance business must continue to work to maintain their position, Mr. Neal cautioned, because those wanting something else are working hard for their point of view.

Mr. Guertin said the big event in the life insurance business in 1959 was the enactment of the new tax law following 10 years of study. The law boosts company tax bills on the average by "very large amounts," he said, and it puts each insurer on its own as to taxation instead of on a basis in relation to all other companies. It forces the companies to look at every move they make and every change in the light of tax implications, something that hasn't been necessary before.

### Difficult Question Introduced

Another event of the year which will have consequences in the future was the decision that the securities aspects of variable annuities fall under the jurisdiction of the SEC. This introduces the question of determination of federal-state responsibility that will be difficult to resolve. The government and the state securities commissioners will be introduced to an area of regulation in which neither has had any experience.

Credit insurance regulations were agreed on by National Assn. of Insurance Commissioners last year, and there was introduced the vital matter of rate regulation in the life business. Mr. Guertin said this has been a cause of great concern to many company men who fear it could spread to other areas, although it is widely admitted, too, that in the credit field there were not many alternatives.

Among other items of note in the year ahead, Mr. Guertin mentioned the likelihood of further acquisitions of life companies by fire and casualty insurers. The "phenomenal growth" of new stock life companies continues, but Mr. Guertin said there has been noted the beginning of the consolidation and merger of some of these newer entrants. The glamour of the quick dollar in the life business is not so lasting, and some of these new companies have found that out.

### Names Forand Bill

In the legislative area he mentioned the Forand bill as the biggest item, remarking that ALC and Life Insurance Assn. will fight it along with the HIA. Also on the social security front, he said, are about 20 other bills, all of the same nature as Forand. If such proposals should go through there would be a complete socialistic health system.

Sen. O'Mahoney will continue his investigation in 1960, but the life insurance business, Mr. Guertin said, has a good record. It doesn't fear an examination except as to the cost it necessitates and time it consumes. Another unfortunate aspect is that such investigations put the industry being investigated on the defensive.

Competitively, he said, the years ahead will see a broader use of guaranteed insurability, the possibility of the beginning of variable annuity writing, wider use of age differentials for rating females, and lower rates resulting from more favorable interest earnings.

Growth in savings and loan associations and their attractive interest rates has given them a faster growth than the life companies are achieving as a savings medium. Investment



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trusts also are growing. They are having their effect in the relationship of money saved through life insurance and the normal indices of savings. Inflation enters the picture here, Mr. Guertin said. The other savings outlets and inflation are causing wider sales of term insurance.

The number one battle for the life companies is inflation, which causes a swing away from life insurance by the consumer while his need for it grows.

#### Notes Casualty Improvement

Mr. McKerrow noted that last year saw some improvement in the casualty field, a trend which he believes will continue into 1960. It is thought by some that there will be an underwriting profit this year, but Mr. McKerrow said if there is it is likely to be artificial. Rate increases granted in the past are already inadequate and with inflation continuing the business will have difficulty keeping up with costs.

The apparent easing of loss ratios in the fire and casualty line, Mr. McKerrow said, will increase competition for some of the large commercial risks. They will be hotly contended for, and will, he predicted again in the long run, prove to be unprofitable. He said he foresees more commercial multiple peril policies sold in the future despite the problems inherent in them.

Selective underwriting is the answer to this situation, Mr. McKerrow added, offering the opinion that the slogan is cautious optimism.

He predicted that extended coverage, which has had no major hurricanes to shake it up since 1954, could run into trouble in 1960.

Since 1955, the American market for reinsurance and surplus lines has been growing and has become competitive with Lloyd's. Mr. McKerrow observed that Lloyd's has had trouble making money in the U. S. since 1955 and he said the tightening up of the London market means that some of the business that formerly went there now can, at proper rates, stay in the U. S.

#### Will Live In Glass Houses

With the expectation of further hearings by the O'Mahoney subcommittee, Mr. Gerber said the insurance departments in the future will live in glass houses. In view of this, he predicted that there will be a relaxation of rating laws with less uniformity and stronger competition. He said he sees lower rates ahead, and unique package coverages, with the smaller companies affected adversely and the producers feeling the impact.

Municipal and other investigations will continue to harass the business, he declared.

"NAIC will be compelled to determine its true place in the regulation of insurance," Mr. Gerber averred. He said it will have to be decided whether NAIC should strengthen its central office, and even, as some have suggested, move to Washington so the organization can play a stronger role.

The continuing spotlight on state regulation means, among other things, Mr. Gerber said, that the industry will have to act more expeditiously, when working with the NAIC to solve problems. The business can't afford to seem to be guilty of procrastination.

The next 10 years constitute a big challenge to state regulation, Mr. Gerber remarked. State by state the legislatures will have to decide how much they will do for the departments and what they want them to do.

Mr. Cartwright fashioned his talk

around the theme of setting up a mutual fund in which all the investments would be in stock of Illinois companies represented by members at the meeting. He went over the companies one by one, noting that their stocks seem to be fairly priced in relation to their prospects.

The newest of the local companies, he noted, is All American Life & Casualty which, by its success, has set a style that may prove unfortunate—that is, the formation of the company by the sale of an inexpensive stock. There have been a good many promo-

tions since then, not all of which will succeed. This should be a matter of concern to the regulatory authorities, Mr. Cartwright observed.

#### Decision Makers Have Won

The outlook for the fire and casualty companies is good after some agonizing years that have produced tough answers that were hard to take. However, the companies making the decisions have been the winners, and those drifting along are the losers. Some of the changes have been hard on the agents, but the responsible

agents have admitted that the new system is working.

As time goes on, Mr. Cartwright said, the discipline of the dollar will help lessen some of the distinctions between companies and their theories. He said investment in insurance stocks is one that can be made with security.

Automobile Claims Assn. at its January meeting in New York saw a film on salvage operations. This was followed by a forum conducted by T. E. Hickman of America Fore Loyalty.

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## Ultramar Joins U.S. & Foreign

U.S. & Foreign Management Ltd., reinsurance brokers with offices in New York and Daytona Beach, Fla., has acquired Ultramar Inter-America Corp. of New York, and its Latin American Insurance brokerage business. Under the new management, the name of Ultramar has been changed to Usaform Panamerican Ltd., and its headquarters have been transferred to 99 John Street, New York City. The company will operate in all lines of reinsurance.



Fernando R. Godoy

Officers and directors of Usaform Panamerican are F. Wyly Clarke Jr., chairman and president; Fernando R. Godoy, executive vice-president and secretary, and H. Alexander Stebler, vice-president and treasurer. Mr. God-

oy, who has been associated with Ultramar for many years, has also been elected vice-president of U.S. & Foreign Management.

In a continuing expansion of international operations, Usaform group in 1959 organized Usaform International Ltd., at Zurich, Switzerland, to cover all territories outside the western hemisphere. Headquarters of this affiliate are at 24 Beethovenstrasse, Zurich, and operations will start in early summer.

### Utz To Ohio Field Post

Shelby Mutual has appointed Richard T. Utz special agent for Ohio, working out of Dayton. He succeeds Brian Gibbs, who will be reassigned. Mr. Utz joined the company last year and has been working at the home office.

Employees of Commercial Union's four New York offices in 1959 exceeded the 850 toys they gave to New York Police Athletic League at Christmas 1958. The drive was supervised by the women's employe club and the men's bowling league.

## Burglar Alarm System Employs Transistors

American District Telegraph Co., automatic protection service, has developed an improvement on its Telap-approach burglar alarm system which automatically summons police when an intruder approaches a safe.

Through the use of transistors the system has been improved and simplified so that it may be connected into existing circuits and the installation easily concealed.

Based on the capacitance principle, the system operates when a burglar invades an electromagnetic field surrounding the safe. His body capacitance upsets the system's delicate electrical balance and, without arousing his suspicions, a silent alarm automatically results. Unlike other alarms of this type, the improved alarm does not require alternating current; hence failure of city power cannot cause an alarm or cripple the system.

Missouri Fire Prevention Assn. will hold its winter meeting Jan. 28 at Jefferson City.

## N. Y. Bar Card Has Three Timely Panels

Harry J. McCallion, associate general counsel of New York Life, who is chairman of the insurance law section of New York State Bar Assn. will preside at the annual meeting of the section Jan. 28 at the Biltmore Hotel in New York. The section's program is being held in conjunction with the annual meeting of the association.

The section's program will consist of three panels. The first on how life insurance is used by law firms and closely held corporations will feature Denis B. Maduro and Edwin M. Jones, New York estate planning counsel, as the speakers. Mr. Maduro was instrumental in setting up the new group life program of the association.

The morning session will continue with a panel on the problem of fraudulent automobile accident claims, moderated by Lewis C. Ryan, of Hancock, Dorr, Ryan & Shove, Syracuse. Mr. Ryan is a former president of the state bar association. The panelists, who will discuss the measures that can be taken to correct the problem are Denis M. Hurley, of Hurley, Kearney & Lane, Brooklyn, from the legal viewpoint; George Hall, of Chicago, associate counsel American Medical Assn., from the medical standpoint, and R. Newell Lusby, vice-president of America Fore, from the insurance point of view.

Following the luncheon, at which Superintendent Thatcher will speak, there will be a panel on recent developments in insurance litigation, which will be moderated by Professor Raymond O'Keefe of the Fordham University school of law. Developments in casualty litigation will be presented by William F. X. Geoghan Jr., of Cusack, Shumate & Geoghan, New York; in life insurance by Samuel M. Lane, of Casey, Lane & Mittendorf, New York, and in workmen's compensation by Solon Stone, of Kenefick, Letchworth, Baldy, Phillips & Embledge, Buffalo.

## Chambers Retires, Moore And Davidson Promoted By Mutual Benefit H. & A.

B. W. Chambers, general agent at Huntington, W. Va. of Mutual Benefit H. & A., has retired. His successor is Kenneth Moore, formerly general agent at Roswell, N. M. The Roswell office and territory will be handled by R. C. Davidson, general agent at Albuquerque.

Mr. Chambers began his career with Mutual of Omaha in 1928 and was general agent at Huntington for 30 years. Mr. Moore started with the company in 1946 and was named manager at Roswell in 1951. Mr. Davidson joined the company in 1937 and was sales manager of the Hundahl agency in Texas, Louisiana and Oklahoma for many years before becoming Albuquerque general agent in 1951.

## Justice Department Moves Against Aviation Insurers

(CONTINUED FROM PAGE 1)  
can be planning to ask a civil or criminal indictment. If it files a criminal action, it would be in the form of an information. In the second procedure, which is the one being followed here, the fact that the subpoenas do not name individuals and that they call for the production of records suggests, it is said, that the department wants to do more investigating and that it may not be certain it has enough evidence for an indictment.

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and domestic markets

## Bank Robbers Take To The Air In 1958-59, Robberies Reach All-Time High Of 764

In the following article, which appeared in the Auditgram, the publication of Assn. for Bank Audit, Control & Operation, Courtney A. Evans describes modern developments in the robbery of banks. He is chief of the accounting and fraud section of Federal Bureau of Investigation.

The wave of violations of the federal bank robbery and incidental crimes statute, which reached an all-time high of 764 offenses in the fiscal year ending June 30, 1959, continues—and as yet there is no sign of abatement in this trend—the mathematical chance of any one bank being victimized by such crimes stands at 10 to 1. The reduction of these truly alarming odds—and each such criminal offense represents a serious threat to the financial institutions and citizenry of the community—must be a priority target not only of law enforcement but of the banking business as well.

### No Banks Are Immune

No single bank, whether it be among the largest of the nation's financial centers or the smallest in the country's hamlets, can consider itself immune from the attack of this self-styled elite of the criminal underworld. Last year, violations occurred in every one of our states with the exception of newly admitted Hawaii. While a get-away route over the water is not unknown following daring armed robberies, no bank bandit has yet attempted to span the thousands of miles that separate the Hawaiian Islands from the mainland.

Modern criminals are quick to adopt modern means, and the use of airplanes to leave the scene of bank robberies quickly is becoming more common. Frank L. Sprenz, a notorious criminal included on the list of the FBI's top 10 fugitives prior to his capture in Mexico, used an airplane to escape following the robbery of an Ohio bank. Sprenz, the toupee bandit, was a self-taught flyer and not a very good one at that.

One theory often advanced is that one of the principal reasons for the upsurge of bank robberies in the

early 1930s was the network of modern highways constructed throughout the country in the preceding years, thus providing an avenue for fast escape. Whether this was a principal cause can be debated, but there can be little doubt it was a contributing factor. Let it here be noted that we in the FBI are very much aware of the possibility of this misuse of modern

air transportation.

While the largest number of bank robberies occur in the metropolitan cities—these areas naturally have more banks and greater population concentration—these crimes have also increased in the smaller cities and towns. Thus, the problem these criminal depredations represent is one that concerns us all, no matter where we live.

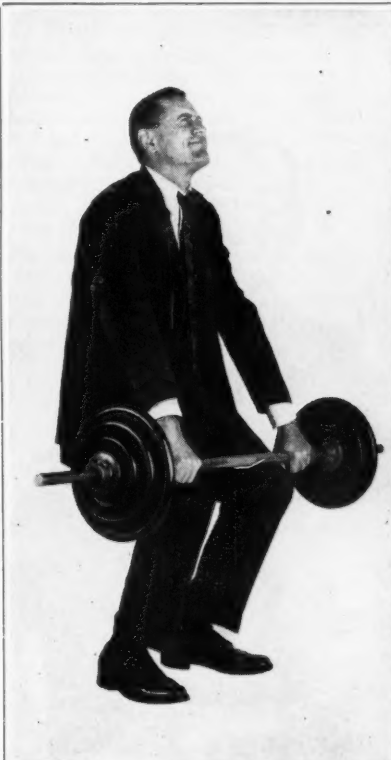
Not all banks come within the purview of the federal bank robbery statute. This law covers member banks of the Federal Reserve System,

banks insured by the Federal Deposit Insurance Corp., banks organized or operated under the laws of the U. S., federal savings and loan associations, and institutions insured by the Federal Savings & Loan Insurance Corp.

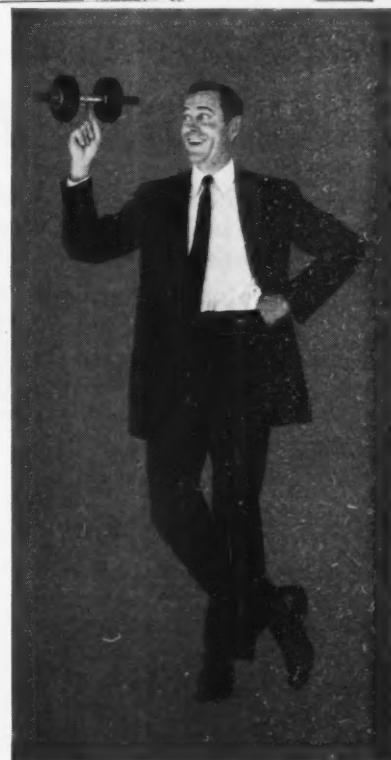
### Try To Guess Identity

The first question asked is, "Who is the bank robber apt to be?" If we could answer this question with certainty, then, of course, bank robbery would be no problem. On the basis of those crimes that occurred last year,

(CONTINUED ON PAGE 23)



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4. CONVENIENCE — Write up the plan right there in your own office. No need to go to the bank to arrange details.
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6. SELL NEW COVERAGES — Monthly payments whittle down the premium payments to "bite" size. Your customers can afford to buy the additional coverages they ought to have.
7. COMMISSION PAID PROMPTLY — The Phoenix pays your commission at once on the full amount of the premium for all policies financed under the Phoenix Plan.
8. NO COLLECTIONS — The insured pays direct, saving you the time and trouble collecting and forwarding premiums.
9. SIMPLIFIED CREDIT — Your underwriting approval is sufficient.
10. COMBINE SEVERAL POLICIES IN ONE MONTHLY PLAN — Your customers can combine 1, 3 or 5 year term policies in a 10 payment plan, and their 3 and 5 year term policies in a 30 payment plan and cover them both with one check a month.

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## Guaranteed Renewable Definition Is Applauded By O. F. Grahame

Orville F. Grahame, vice-president and general counsel of Paul Revere Life and Massachusetts Protective, comments on the definition recently adopted by National Assn. of Insurance Commissioners restricting the use of the terms "non-cancellable" and "guaranteed renewable" in A&S insurance:

There has been in dispute, over a four-year period, the question of what is a non-cancellable accident and sickness policy. This question was before the National Assn. of Insurance Commissioners since that time, and has been before a subcommittee thereof on our suggestion since December 1956. We are happy to report that at the

December 1959 meeting of the NAIC, a satisfactory definition was adopted for non-cancellable or non-cancellable and guaranteed renewable insurance and for so-called guaranteed renewable policies, and I am happy to report that in order to have a non-cancellable policy, you must have a guaranteed premium.

During this controversy, the company filed statements before the FTC through our assistant general counsel, James L. Moorefield, and our Washington counsel, Robert J. Bird. Our efforts before the NAIC were through

former New York superintendent, Alfred J. Bohlinger, I wrote two articles on the subject, one for the Insurance Law Journal, and another for the Eastern Underwriter.

The definitions adopted require for a non-cancellable policy, guaranteed benefits, guaranteed renewability to at least age 50 (we preferred age 60), a guaranteed risk and a guaranteed premium. After age 44, the policy must at least run for five years.

### Efforts Bring Results

A number of our field claim men visited the insurance departments on this subject, and we secured, through their efforts and correspondence and other conferences, a number of favorable rulings supporting our concept.

We preferred for guaranteed renewable policies, the designation "adjustable premium renewal policy." However, in order to present a united insurance industry approach, it was necessary to compromise and permit the use of the term guaranteed renewable for a policy where the premiums are subject to change on a class basis. (The records will show, incidentally, that we were the first to file this concept with certain insurance departments which we did in 1948.) The companies in order to call a policy guaranteed renewable must in the advertising refer to the right to adjust premiums.

We wish to express gratitude to all those who participated in this effort to reach a satisfactory conclusion.

The definitions adopted are as follows:

The terms "non-cancellable" or "non-cancellable and guaranteed renewable" may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums set forth in the policy (1) until at least age 50, or (2) in the case of a policy issued after age 44, for at least five years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force.

Except as provided above, the term "guaranteed renewable" may be used only in a policy which the insured has the right to continue in force by the timely payment of premiums (1) until at least age 50, or (2) in the case of a policy issued after age 44, for at least five years from its date of issue, during which period the insurer has no right to make unilaterally any change in any provision of the policy while the policy is in force, except that the insurer may make changes in premium rates by classes.

### Limits Similar Terms

The foregoing limitation on use of the term "non-cancellable" shall also apply to any synonymous term such as "not cancellable" and the limitation on the use of the term "guaranteed renewable" shall apply to any synonymous term such as "guaranteed continuous."

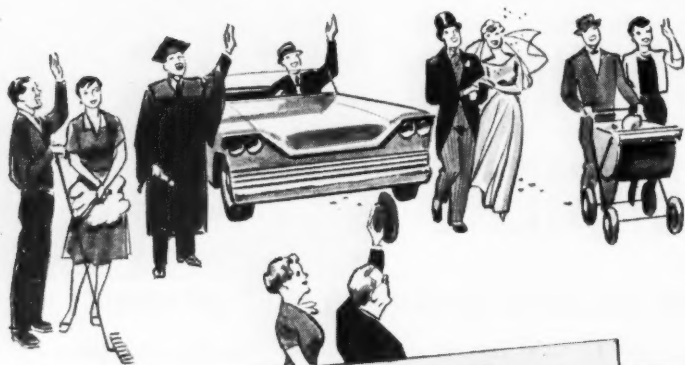
Nothing herein contained is intended to restrict the development of policies having other guarantees of renewability, or to prevent the accurate description of their terms of renewability or the classification of such policies as guaranteed renewable or non-cancellable for any period during which they may actually be such, provided the terms used to describe them in policy contracts and advertising are not such as may readily be confused with the above items.

I know all friends of true non-cancel will be interested in the favorable outcome of this controversy.

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## Aetna Casualty In Manager Changes

Aetna Casualty has appointed as general managers James H. Thomas at Houston and William B. Gracey at Dallas and has named as managers Philip G. Burler at Wheeling, W. Va., William G. Screeden at Reading, Pa., and A. M. McMekin at Tulsa.

Mr. Thomas, manager at New Orleans for five years, will head the new office to be opened at Houston. He joined the company in 1940 and served as agency supervisor and superintendent of agents at New Orleans before being named manager.

Mr. Gracey, who has been manager at Dallas since 1936, becomes general manager in connection with the unification of the casualty, fire and marine insurance operations there. He joined Aetna Casualty in 1923 and subsequently served as manager at Rochester, N. Y., and Tulsa before going to Dallas.

Mr. Butler, who joined the company in 1936, was manager of the southeastern marine department of Aetna Casualty and Standard Fire at Atlanta 12 years before becoming assistant to the manager at Atlanta last July.

Mr. Screeden started with the company in 1946 at Des Moines and has been superintendent of the agency department at Syracuse, N. Y.

Mr. McMekin, assistant manager at Tulsa for 30 years, joined the company in 1928. He served as an underwriter at Buffalo before going to Tulsa.

### Pa. Liberalizes WC

A Pennsylvania bill increasing maximum workmen's compensation benefits from \$37.50 to \$42.50 a week has

been signed into law. The measure increases minimum benefits from \$27.50 to \$32.50. Payment to dependents of the deceased workman is increased 13.3%.

The act also liberalizes the healing period for amputations, increases funeral expense benefit to \$500, and provides for entry of judgment against an employer in default for more than 30 days in WC payments.

### Green Is Underwriters Club Of Philadelphia President

Underwriters Club of Philadelphia has elected Truman D. Green Jr., Agricultural, president. Robert H. England, Travelers, and James B. Cortright, Aetna Fire, were elected vice-presidents; Frederick J. Schober, U.S.F. & G., secretary and Earl T. Belanger, Scottish-American group, treasurer.

### Kysar Named At Nashville

Continental Casualty has appointed John P. Kysar manager of a new A&H office at Nashville. He has been special risks sales manager there.

### Chittenden, Newton Retire As V-Ps Of Phoenix Of London

Vernon B. Chittenden and Franklin E. Newton, vice-presidents and assistant U. S. managers, of Phoenix of London, have retired at their own request.

Mr. Chittenden joined Phoenix Indemnity in 1922. He was countrywide claims manager until 1932 and then became manager of the New York metropolitan department until 1949 when he became metropolitan manager for the entire group. He was appointed vice-president in 1928 and assistant U.S. manager in 1958.

Mr. Newton joined the group as associate statistician in 1926. Prior to his appointment as vice-president and assistant U.S. manager in 1958, his posts included that of statistician, office manager, assistant treasurer, and secretary and treasurer.

Standard Accident has transferred Patrick J. Blanton from Minneapolis to Cincinnati as engineering representative.

### Hammel, Gaffney To Address Surety Bond Producers' Annual

Commissioner Paul A. Hammel of Nevada, president National Assn. of Insurance Commissioners, will address the annual meeting in Boca Raton, Fla., Feb. 22-24, of National Assn. of Surety Bond Producers, on the subject of "Yesterday, Today and Tomorrow."

Warren N. Gaffney, general manager Surety Assn. of America, and former New Jersey commissioner, will discuss contract bond developments in relation to the national economy.

### Sweney Named At Kansas City

Benjamin H. Sweney has been appointed liability manager of Continental Casualty's Kansas City branch. He joined the company in 1959 as a branch manager administrative assistant at Philadelphia.

### Becomes Partner In Peoria Agency

James W. Riley has become a partner in the Charles A. Bryant agency of Peoria. He has been district sales manager of American States at Peoria.

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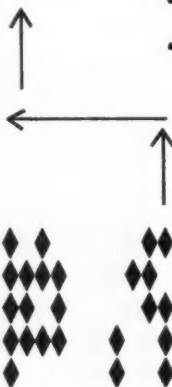
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## Public Relations' Role In Winning Friends For Voluntary A&S Related

Public relations as an effective means of winning friends for voluntary health insurance was described by James R. Williams, vice-president of Health Insurance Institute, at the January meeting of Chicago A&H Assn.

He cited an attitude survey of some 6,000 people which demonstrated public confidence in health insurance. This feeling of good will, he said, exists in all income groups and among policyholders of all companies.

Mr. Williams said Health Insurance Institute attempts to tell the A&S story with facts, not with editorial words. When the public is given all the facts about how the coverage is devoted to their welfare, "we can be reasonably certain that their decision on voluntary health insurance will be favorable."

He noted an "insatiable desire for more and more information on the part of an increasing number of groups." A&S stories get a good reception from newspaper editors because of the amount of public interest in the subject.

## Two Continental Casualty Surety Promotions Made

Continental Casualty has appointed Howard Stazak and Charles Van Wissink assistant superintendents of the surety department. Mr. Stazak joined the company in the surety department in 1953 and has been in underwriting in the home office and at Los Angeles and Seattle. Mr. Van Wissink has been a bond underwriter with Continental Casualty since 1953.

Mutual Insurance Rating Bureau increased burglary rates 10.4% in Michigan and 8.7% in West Virginia.

## Mass. Brokers Urge Steps To Head Off Direct Bill Threat

Samuel O. Penni Jr., president of Insurance Brokers Assn. of Massachusetts, has called on producers to pay company bills as rendered and to avoid flat cancellations in order to relieve the pressures which are forcing agency companies to consider direct billing.

In the January issue of Lines for Brokers, publication of the association, Mr. Penni referred to the group's recent survey of 2,325 members on the question of direct billing. Of 655 replies, 94% were opposed to the idea.

Among the main reasons given for opposition was the fact that direct billing is the first step towards making captive agents out of independent producers. Direct billing will be "sold" as an optional extra service, but after enough producers are using it, the system will become mandatory. Direct billing, the brokers felt, means commission cuts, unjustified by the small savings it will permit in agency operations. It will also deprive the producer of valuable contacts currently used to produce sales.

## Eye Company Views

While the survey was being developed, the association investigated the attitude of some companies on direct billing. The brokers held meetings of several domestic casualty companies. According to the brokers, the companies say they are not interested in making captives out of producers. One of the reasons the companies feel direct billing will help is that under the present system, many producers submit an account current which must be checked by the company. One company employs 92 girls to do nothing but check producer accounts. The cost for these girls is well in excess of \$300,000 annually.

Some producers take as long as 110 days to pay their bills. If the company was able to get its money in a more reasonable time, and invest it, the extra income would be substantial.

The brokers report that companies feel that the present system permits an excessive number of flat cancellations, or free insurance. Because of the expense involved in these three situations, some companies believe that they can bill the customer and collect the premium more economically than they can handle the account current with its built-in excesses and abuses.

The brokers wonder whether these factors necessarily indicate that direct billing is the only solution, or whether they only signify inefficient practices that can be corrected.

The Weichel agency of Bradentown, Fla., has expanded to Weichel-Wallace agency with Thomas V. Wallace becoming a partner with John A. Weichel, who formed the agency in 1954. Mr. Wallace has been with the agency for about a year and previously was underwriter and field man of Auto-Owners. Mr. Weichel became a CPCU in 1955, the first on the west coast of Florida. He is a director of West Coast Assn. of Mutual Insurance Agents. He was previously with Central Mutual.

A New York bill has been introduced by Rep. Barrett which would provide a measurement of "fair and reasonable" compensation to agents and brokers based on the insurer's past experience, in case of modification of such compensation.

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## Says Innovations Threaten Foundations, Not Margins Of Business; Cites Progress

Exclusive agency companies were first to bring to insurance the bold concept of innovation, Ralph A. Rennie, vice-president of Nationwide Mutual, declared in a talk at the annual conference luncheon of Atlanta chapter of CPCU.

Referring to the views of Joseph A. Schumpeter, Harvard professor, on the subject of innovation, Mr. Rennie said

that it comes to an industry in gales of creative destruction, wiping out routine methods and leaving new, more productive techniques in their place. Innovations create competition which commands a decisive cost or quality advantage and strikes not at the margins of profit or output of existing firms but at their foundations and their very lives.

A generation ago, Mr. Rennie said, exclusive agency companies achieved a notable break-through in the cost of automobile insurance when they adopted a continuous policy form with membership fees, premiums payable semi-annually, and renewals handled by the companies directly with policyholders. Selective underwriting, sole agency representation, lower commission scales, company ownership of renewals, and all-lines selling were other factors contributing to the rapid growth of these companies.

From this background, he described

some of the recent innovations which are producing sweeping changes in all major phases of the business. He predicted that within a few years, present policy forms, rating plans and distribution techniques will be largely obsolete.

Most of the recent improvements in insurance contracts have been in response to one outstanding development—the knowledge that someday soon, full protection for the average household can be achieved. Until a few years ago, the business spent most of its time designing policies that would provide at least a minimum amount of protection to meet the needs of as many people as possible. The effort was supremely successful. No other business has done a job that can compare with it in scope. But today, insurers' responsibilities have changed. Their assignment now is to design policies which will help the average family do a more comprehensive and balanced job of risk management, Mr. Rennie declared.

Three product innovations in the past few years illustrate this trend toward filling in the gaps on family protection. The first is the family auto policy. His company has carried the coverage to its logical conclusion through another innovation—the family compensation coverage, wherein any injured victim of an automobile accident can elect immediately to recover all reasonable medical expenses, plus daily indemnity for disability and death benefits, regardless of legal liability.

### Other Benefits

The coverage also protects insured and his family to the same extent for injuries arising out of any accident caused by an insured or uninsured motorist, and even by an unidentified motorist, Mr. Rennie explained. It is designed to be sold only with other liability insurance. Its principal intent is to aid in the prompt and equitable settlement of third party claims—a remedy not readily available under the conventional auto liability policy. Under the family compensation policy, as an alternative, any accident victim can receive immediate compensation, or he can pursue his claim under the BI coverage in accordance with the law of negligence.

This coverage innovation is an at-  
(CONTINUED ON PAGE 21)

"I used to talk about service until I was blue in the face!"

says Agent John Ravaschio,  
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## Conventions

- Jan. 28-30, Federation of Insurance Counsel, midwinter officers meeting, Mountain Shadows resort, Scottsdale, Ariz.
- Feb. 4-5, Conference of Mutual Casualty Companies, fire meeting, Conrad Hilton Hotel, Chicago.
- Feb. 15, Insurance Economics Society, executive committee, Drake Hotel, Chicago.
- Feb. 17-19, Michigan agents, midyear, Sheraton Cadillac Hotel, Detroit.
- Feb. 18-20, Texas mutual agents, midyear, Commodore Perry Hotel, Austin.
- Feb. 22, West Virginia I-Day, Daniel Boone Hotel, Charleston.
- Feb. 22-24, National Assn. of Surety Bond Producers, annual, Boca Raton Hotel, Boca Raton, Fla.
- March 3-4, Washington agents, midyear, Marcus Whitman Hotel, Walla Walla.
- March 8, Pittsburgh I-Day, Hilton Hotel, Pittsburgh.
- March 10-11, Conference of Mutual Casualty Companies, underwriting meeting, Conrad Hilton Hotel, Chicago.
- March 10-12, Tri State mutual agents of Pennsylvania, Maryland and Delaware, annual, Pittsburgh Hilton Hotel, Pittsburgh.
- March 15, New Jersey agents, midyear, Stacy Trent Hotel, Trenton.
- March 17-18, Ohio mutual agents, annual, Manger Hotel, Cleveland.
- March 21, Rhode Island agents, midyear, Sheraton Biltmore Hotel, Providence.
- March 27-29, National Assn. of Insurance Agents, Southern territorial conference, Arlington Hotel, Hot Springs, Ark.
- March 28-30, National Assn. of Mutual Insurance Agents, midyear, Flamingo Hotel, Las Vegas.
- March 30-31, Pacific Insurance & Surety Conference, annual, Riviera Hotel, Palm Springs.
- April 1, Pacific Coast Advisory Assn., annual, Riviera Hotel, Palm Springs.
- April 6, New Hampshire agents, midyear, Manchester Country Club, Manchester.
- April 7-8, National Assn. of Casualty & Surety Agents, midyear, St. Anthony Hotel, San Antonio.
- April 10-12, Mississippi mutual agents, annual, Buena Vista Hotel, Biloxi.
- April 23-27, National Assn. of Insurance Agents — National Board of State Directors, midyear, and Midwest territorial conference, Netherland Hilton Hotel, Cincinnati.
- April 24-26, Florida mutual agents, annual, Fort Harrison Hotel, Clearwater.
- April 27, Insurance Brokers' Assn. of State of New York, annual luncheon, Pierre Hotel, New York City.
- April 28-29, Southern Claims Conference, annual, Statler Hilton Hotel, Dallas.
- May 1-3, Iowa agents, annual, Blackhawk Hotel, Davenport.
- May 2-3, Minnesota mutual agents, midyear, Pick-Niccollet Hotel, Minneapolis.
- May 5-6, Conference of Mutual Casualty Companies, claims meeting, Conrad Hilton Hotel, Chicago.
- May 8-10, Alabama agents, annual, Stafford Hotel, Tuscaloosa.
- May 8-10, Pennsylvania agents, annual, Hotel Hershey, Hershey.
- May 9, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.
- May 9-11, American Mutual Insurance Alliance, annual, Edgewater Beach Hotel, Chicago.
- May 9-11, National Assn. of Independent Insurance Adjusters, annual, Broadmoor Hotel, Colorado Springs.
- May 9-12, National Assn. of Insurance Brokers, annual, Ambassador Hotel, Chicago.
- May 10, Assn. of Casualty & Surety Companies, annual, New York.
- May 10-12, National Assn. of Insurance Commissioners, Zone V spring meeting, Biltmore Hotel, Oklahoma City.
- May 12, National Independent Statistical Service, annual, La Salle Hotel, Chicago.
- May 13-14, Mountain States mutual agents, annual, Antlers Hotel, Colorado Springs.
- May 13-14, Oklahoma agents, annual, Mayo Hotel, Tulsa.
- May 14-16, New York agents, annual, Concord Hotel, Klamath Lake.
- May 15-17, Virginia & District of Columbia mutual agents, annual, Shoreham Hotel, Washington, D. C.
- May 15-18, North Carolina agents, annual, Carolina Hotel, Pinehurst.
- May 16, Vermont agents, spring meeting, Woodstock Inn, Woodstock.
- May 16-18, Health Insurance Assn., annual, Statler Hilton Hotel, Dallas.
- May 16-18, Insurance Accounting & Statistical Assn., annual, Sherman Hotel, Chicago.
- May 17-18, Illinois Bureau of Casualty Insurers, annual, St. Nicholas Hotel, Springfield.
- May 19-20, Central Claim Executives Assn., spring meeting, Lake Lawn Lodge, Delavan, Wis.
- May 19-20, Arkansas agents, annual, Arlington Hotel, Hot Springs.
- May 19-21, Texas agents, annual, Austin Hotel, Austin.

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## Court Sets Aside Verdict In Which Photos, "Techniques" Figure

(CONTINUED FROM PAGE 2)

of the defendant's car with his, as the plaintiff stood on the running board.

There were other points about the case which came in for argument. However, in the area of "demonstrable evidence" the court ruled that the cumulative effect was prejudicial and deprived the defendant of that fair trial which is the heritage and right of every party litigant under our system of jurisprudence."

The first example of this was the reception in evidence of six colored photographs of plaintiff's injured right foot and of his left thigh, from which skin had been grafted onto the right heel. Two of the photographs had been taken six months after the accident, four of them a year afterward.

### First Colored Photographs

The photographs were admitted upon identification only by the plaintiff that they were "fair and accurate representations" of the extremities shown. This was the first case in Missouri calling for appellate discussion of colored photographs, though there is mention of cases in other states of such photos. Implicit in all of these cases, the Missouri supreme court observed in its decision, is the thought that there is no logical reason why colored photographs should not be used in evidence, subject to the same limitations and restrictions as black and white photographs. The Missouri court agrees with that.

However, the court quotes Scott on Photographic Evidence, 1942, that "the vital, mirror-like appearance of a photograph makes it capable of inciting passions and prejudices of a jury," and that the "danger in this respect increases as photography improves."

### Agent Supports Idea Of Insuring Driver

Robert Kassel, local agent at Viroqua, Wis., writes on the subject of insuring the driver rather than the auto:

Insuring the individual rather than the automobile is of course a basic and natural thing that any normal, reasonable person might assume. Many underwriting problems, in our personal opinion, come through what is an impossible underwriting possibility—that of underwriting the use of the car by people who are not known to the underwriter at the time that the policy is issued.

Whatever difficulties are involved in putting an "insure the driver" plan into force certainly can be no more than technical or academic ones, and the work in overcoming such hurdles would certainly be well worth the rewards which would certainly have to come from the use of this very common sense approach to automobile underwriting.

Many of the profit problems that the companies have had with this line come from the use of automobiles by persons other than the named insured. It has always seemed a most incongruous, if not perfectly ridiculous, thing to us to see the companies on one hand crying about loss ratios and at the same time going about broadening automobile coverage to the point where they are bound to have losses and to the point where it has become physically impossible really to underwrite the class, in effect, making substantial reductions in premiums.

We support this "insure the driver" plan with enthusiasm.

Much should be left to the sound judicial discretion of the trial judge in determining the admissibility of photographs, the supreme court observed. "But, the doctrine of due deference to the trial court in discretionary matters is not to be self-administered by appellate courts to anesthetize against sensitivity to prejudicial error or employed by counsel to neutralize all such error." The court added that it is not

only important that the photograph truly and accurately portray that which it purports to show but also that it not be prejudicial and inflammatory.

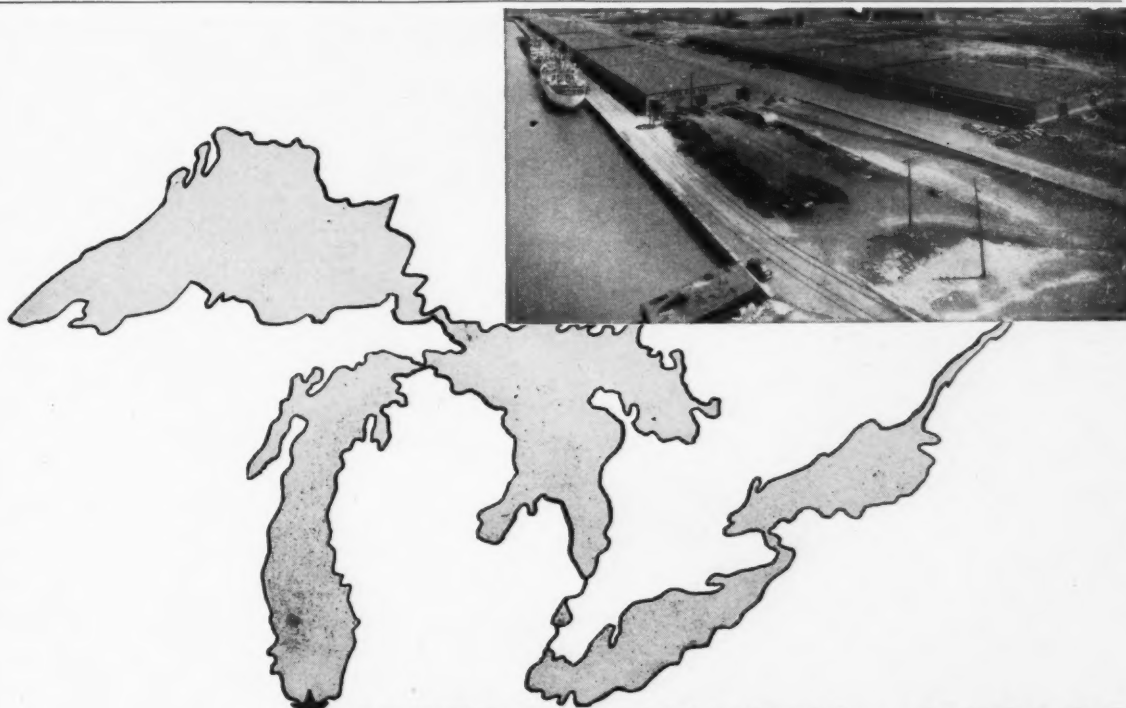
### Not True To Fact

In this case, the court said, "the limbs shown in these photographs are not portrayed in their natural color." It opined that the photos produced sympathy with their high and un-

realistic colors, and quoted from another decision that "the maimed, the widow, and the orphan draw strongly enough on the hearts of jurymen without affirmative effort to arouse sympathy. Human nature needs no artificial aid in this respect."

Retrial of this case resulted in a jury verdict for \$20,000, which the court believes was not supported by the fragmentary and meager medical evidence in the record.

Plaintiff's counsel said in his closing argument, "What is a dollar worth? Stan Musial gets \$100,000 a year for



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playing baseball." After objection, which was overruled, he continued, "Ted Williams gets \$125,000 per year. They are the best. The average professional baseball player gets \$25,000 to \$30,000 in one year playing ball."

#### Asserts Argument Is Proper

In his appeal, plaintiff asserted that this argument was proper because it simply went toward the present-day purchasing power of the dollar. The supreme court conceded that counsel "may direct the jury's attention to the decreased purchasing power of the

dollar, but the quoted statements certainly cannot be justified on any such theory.

"Even the casual reader of the sports page understands that Musial and Williams have been able to command salaries in the financial stratosphere, not because of the decreased purchasing power of the dollar but rather because of the multitudes of admirers drawn through the turnstiles by these exceptionally talented, proficient and colorful personalities."

Further, the court added, there was no evidence in this case and the court

has read of none that the average baseball player is paid \$25,000 to \$30,000 a year. Furthermore, plaintiff is a service station attendant, not a professional baseball player. Counsel should neither argue nor draw inferences from matters not in evidence.

The high court also ruled that injection by plaintiff's counsel of the comment, "We are certainly not motivated by any desire to place a hardship upon Mr. Washam personally," was in no wise permissible under the evidence. It was grossly and patently improper, particularly when adroitly injected

into the very heart of a plea for an adequate award. The damage was not cured by a mild and perfunctory ruling of the trial court sustaining an objection, the high court declared.

The supreme court regarded as equally objectionable the appeal for an adequate award by plaintiff's counsel when he asked one of the jury if she would take a job that she had to keep the rest of her life, seven days a week, night and day, at \$3 a day. "Here is your job—your job is to suffer Mr. Faught's disability," he said.

The high court said it favors those courts disapproving the mathematical formula argument in reaching the amount of a verdict. Such argument is calculated and designed, it said, to implant in the jurors' minds definite figures and amounts not theretofore in the record—"and which otherwise could not get into the record"—and to influence the jurors to adopt those figures and amounts in evaluating pain and suffering and in admeasuring damages therefore.

It would be just as logical and fair to permit expert witnesses to evaluate pain and suffering on a per diem or per hour basis, the court declared—"a revolutionary innovation which, so far as we are advised, not even the most ardent zealots of the mathematical formula technique have (as yet) proposed."

#### Cites Florida Verdict

The court cited a Dade County, Fla., jury verdict of \$248,439, the precise amount sought by counsel in a mathematical formula argument, and the action of the Florida supreme court in affirming the judgment without opinion. When such speculation becomes accepted by the courts generally as a fair mathematical factor for use by juries, the court suggested, treating auto accident injuries like those in workmen's compensation may not be too far away.

The "job offer" argument of counsel for the plaintiff, the Missouri court ruled, "was mischievously unfair not only because it appealed to the jurors to put themselves in plaintiff's place but also because it invited them to admeasure damages on a mathematical formula."

#### Casualty Executives Of Michigan Elect Degenkolb

Michigan Casualty & Surety Executives Assn. has elected John C. Degenkolb, Hartford Steam Boiler, president. Norman R. Watson, Great American, is vice-president, and Elliott Irwin, Phoenix of New York, is secretary-treasurer.



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## NAIB Asks Changes In Commercial Property Form For Flexibility

National Assn. of Insurance Brokers has submitted recommendations to the Multi-Peril Insurance Conference for revisions in the commercial property floater policy. The recommendations were the result of a study by the NAIB's product research committee and followed a countrywide survey of member associations on the subject.

The committee stressed the need for more flexibility in the present commercial package policies to make them competitive and attractive to buyers, a point which this same committee had previously made when it submitted to the MPIC six months ago recommendations for the substitution of a single policy to replace the manufacturers output policy and the industrial property floater.

The brokers' recommendations included the following points:

1. The commercial property floater should be available for all types of business which do not qualify for the manufacturers output policy or industrial property floater or the combined policy as contemplated.

2. Provision should be made in the policy so that coverage on buildings may be afforded on either an all risk, named peril, or difference in condition basis.

3. Privilege should be given to include the risks of flood and earthquake on an optional basis, subject to additional premium.

4. Option should be granted to extend the basic policy to include business interruption; extra expense; accounts receivable; valuable papers; installment sales; installation until property is completely installed, or until completely accepted by insured's customer; and parcel post.

### Other Features Urged

5. Provision should be made as an option to full coverage for one deductible for all perils and coverages. However, option should be given and credit allowances be made for varying amounts of deductibles.

6. In view of the fact that certain companies have recognized the fact that some insured have no transit exposure, an option is suggested to exclude transit coverage and to allow credit for such exclusion. Previous experience in certain classes of business has shown that some insured do not require burglary insurance; therefore, an option to exclude burglary is suggested, with appropriate credit allowances.

7. Provisions should be made so that

## Read Claim Secretary Of American Equity

Donald B. Read has been named claims secretary of American Equity group of Miami to succeed Harry M. Walker, resigned.

Mr. Read has been with the group for six years as claims examiner. Prior to that he was with American Hardware Mutual as New England claim and loss manager. He is president of South Florida Claim Men's Assn.

jewelry and/or furs may be included. Past experience has shown that certain classes of business, such as department stores, do not lend themselves to the commercial property policy because of the jewelry and fur limitations. It would be relatively simple to endorse the cover to include the same format as used under a furrier's policy.

8. It is assumed that the greater number of the commercial property policies will be rated on a manual basis and, accordingly, these manual rates should be available to producers.

### Method Should Be Flexible

9. The method or rating formula used in developing the portion of the premium applicable to other than fire and extended coverage perils should be flexible enough to permit some judgment on the part of underwriters by permitting a percent reduction or increase in a manual premium where conditions might appear to justify this.

10. The policy should be flexible so that premium may be paid on a monthly, quarterly or yearly adjustment, as well as on a flat annual basis.

The brokers advocate exclusion of loss due to inherent vice, to shortages disclosed on taking inventory, or to mysterious disappearance, and to infidelity or other dishonest acts of insured's employees or persons to whom property is entrusted, except in case of loss or damage due to fire or explosion.

Other exclusions sought are for loss sustained while property is being worked upon, or resulting from electrical incidents, unless fire or explosion ensues. Boiler explosions would be excluded, as would war risks and contamination losses from radioactivity. Loss caused by or resulting from earthquake and flood, except while in transit, would be excluded. This would not apply to loss caused by ensuing fire or explosion not otherwise excluded.

## Hartford Fire Shifts So. Texas Supervision

Hartford Fire is assuming supervision of the south Texas territory formerly handled by Houston, Stevenson & Cummings general agency of Houston. The agency will continue representation of group companies for direct business.

To prevent disruption, present offices at Houston will be continued. In addition, the facilities of the southwestern department at Dallas will be available to the agents affected, as well as to agents in the rest of the state. There will be no change in procedures or reporting.

Aetna Fire has appointed Samuel D. Johnson claim manager at Tampa, Fla.

## Anti-Trust Hearing Recedes; Favor Fund For Its Continuance

A spokesman for the Senate committee on judiciary to investigate anti-trust and anti-monopoly laws has ruled out the possibility of a subcommittee hearing on insurance in mid-February. He indicated that the subcommittee's report on insurance would be issued "sometime this year," and that the latest installment of printed hearings on insurance would not be released before February.

A resolution authorizing continued anti-trust study and appropriating \$425,000—the same amount as in 1959—for that purpose has been favorably reported to the Senate. The amount has not been allocated among subjects under investigation.



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## Collapse Cover On Residence Interpreted First Time In Kan. In Two Cases

Two decisions have been handed down in Kansas that define "collapse" in insurance on residential properties. The federal appeals court ruled that although the walls did not fall, they did collapse sufficiently to render the premises untenable; therefore, the insurance covered the damage. In the other case, the state supreme court reversed and remanded a case for new trial, for one reason because a lower court had instructed the jury that collapse had to be of an extent and nature to render the premises uninhabitable. (Collapse is covered in AEC, a form that is now disappearing; in homeowners B of the early form, and in HO 2 and 5 of the 1958 and 1959 forms.)

In *Travelers Fire vs Whaley*, the U. S. court of appeals decided for insured, thus affirming a lower court verdict. The building was in Wichita and the policy insured against loss resulting from "collapse of building(s) or any part thereof." The issue was whether there was a collapse of the foundation walls of the building within the meaning of that term as used in the policy.

### Damage Was Material

The appeal court notes that there was no claim that the building or any part of it tumbled down or fell in a heap. But the lower court did find that about April 12, 1957, the basement walls cracked and broke on the west, north and south walls of the residence; that this cracking withdrew the support necessary for the first floor and caused damage to the ceiling, rafters, and to the upper walls of the first floor, resulting in material damage to the structure.

The lower court also found that a portion of the residence had fallen so that "the substantial integrity of the building had been impaired to such an extent as to render it unsuitable for use as a home." Further, this fall of a part of the building exposed it to the inclemency of the weather and rendered its contents more easily subject to the elements.

The insurer contended that the record did not support a finding that there was a collapse of a part of the building within the meaning of the term as used in the policy.

Additional testimony was that rain water, entering a 1½ inch crack, flooded out the water heater. A building contractor examined the house and found cracks and bulges. The Whaleys propped up the house with supports from the basement. Photographs indicated that the foundation wall had sunk and pulled away from the superstructure plates.

### Dictionary Definition

*Travelers Fire* relied upon the standard and ordinarily understood definition of the word "collapse." It asked if there was any evidence "that any part of the insured property has fallen" and answered in the negative by quoting the definition from Webster and New Century dictionaries. Both dictionaries substantially define the word as meaning to break down, to fall in irregular mass or a flattened form through loss of rigidity of support.

The insurer also relied on the decision in *Skelly vs Fidelity & Casualty* which involved damage caused by a runaway freight car when it crashed into the side of a building and knocked

a hole in it. The court held that there was no collapse of the wall.

However, the appellate court opined that there was a distinction between the damage here and the facts in the *Whaley* case. Noting that the latter was a Kansas case controlled by Kansas law, it cited *Grady vs Erhard*. This involved a lease containing a provision that the lessee was not required to pay rent if the premises were destroyed by collapse of the walls so as to be unfit for occupancy. There was no tumbling down, but a rear wall settled so as to pull away from the building, which the court ruled to constitute collapse of the wall. The court construed collapse as it concluded the parties intended it should be used in the contract.

So in the *Whaley* case, the appeal court said, it must construe the word in the context used by the parties executing the insurance contract. "Did the parties intend no coverage and no recoverable loss unless there was a

## Continental Casualty Merges Special Risks, Aviation Accident Units

Continental Casualty has combined the special risks and aviation accident



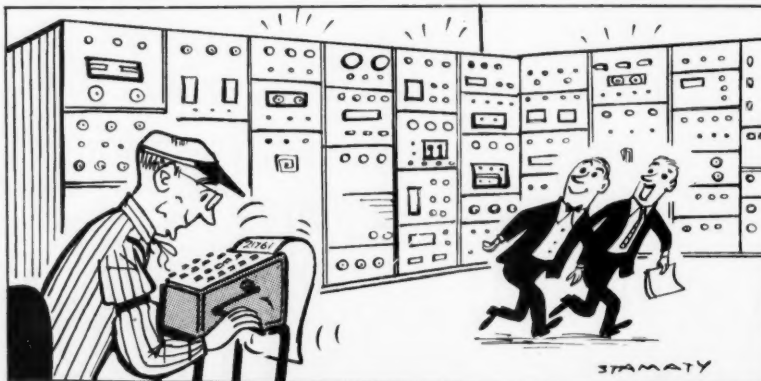
John H. Cramer



Calvin Ewald

divisions, and the newly formed unit will be the special risks division. In conjunction with the reorganization, Assistant Vice-president John H. Cramer has been appointed chief officer of the new division. Calvin Ewald, formerly superintendent of the old special risks unit, becomes assistant to Louis C. Morrell, chief officer of the A&H department.

Robert L. White, who has been superintendent of the aviation accident division, has been appointed superintendent of the new special risks division. Jerry Boucher and Charles Denne become assistant superintendents, Mr. Boucher handling individual lines and unusual risks, and Mr. Denne in charge of group.



"HE WAS MAGNIFICENT DURING THE POWER FAILURE LAST WINTER."

complete collapse and tumbling down of the foundation wall so as to cause the superstructure to come crashing down in a heap of rubble?" Or, the court added, did they mean "the more realistic situation that if the foundation disintegrated by settling, pulling away or cracking so that it would no longer support the house, that there was a partial collapse?"

Since insurers write their contracts, if the company had wanted collapse to have the "abstract dictionary definition it now contends for, it should have so stated. In the absence of such an expressed intent, we think it more realistic to define the terms in such a contract as connoting a sinking, bulging, cracking, pulling away of the wall so as to impair its function of supporting the superstructure and destroying its efficiency as a habitation," the appeal court ruled.

In *Jenkins vs U. S. Fire*, the Kansas supreme court noted the newness of the coverage of collapse and the absence of decisions defining the term. The decision, handed down in December, 1959, calls attention to the *Travelers Fire vs Whaley* opinion, which was handed in November.

### Second Interpretation

Evidence at the trial of *Jenkins vs U. S. Fire* indicated that because of dryness, earth surrounding the basement walls and foundations of the insured residence in Russell, Kan., shrank, leaving an air space between earth and walls. Unusually heavy spring rains filled this air space, which caused the walls to expand inward and to crack and break to such an extent that there was the possibility of cave-in.

The trial court instructed the jury that collapse as used in the coverage "means a settling, falling, cracking or breaking of the building or any part thereof, which materially impairs the basic structure or substantial integrity of the building so as to render it unsuitable for use as a dwelling."

The plaintiff argued that the words "so as to render it unsuitable for use as a dwelling" constituted error by the court, and there was indication that the jury found this definition troublesome. With it, however, the jury ruled for the defendant. The coverage was additional EC.

The insurer denied that the basement walls collapsed but if they did it was due to some other cause in existence prior to issuance of the policy. It argued that the basement walls did not collapse as contemplated by the policy.

The supreme court said in its ruling that though no one contends the basement walls had fallen, there was evidence of a crack running lengthwise almost all the way around the basement walls and that the north wall

## Sailor Test Device Gets N.Y. Launching By Aetna Casualty

Boating accidents and paid losses are on the increase. At the launching of the Aetna Sailorometer, Paul E. Cullen, manager of the information and education department of Aetna Casualty, told press representatives that paid losses increased from \$865,000 in 1953 to about \$9 million in 1958.

Although loss ratios decreased a few percentage points in this period—except 1954 when Hurricane Carol caused extensive damage—the number of boaters has increased each year for the past five years.

### Most Are Newcomers

He said that there are an estimated 40 million boating enthusiasts of whom eight million use small pleasure boats and five million use outboard craft. Most of these people are newcomers, operating boats capable of 30 mph or more. There is need for education in boating.

It was for this reason that Aetna Casualty developed the Sailorometer which was shown at a luncheon meeting at Sheraton-Park Hotel. This machine does for boaters what the Aetna Drivotrainer does for motorists. It tests their reaction to realistic situations that occur while out on the water, and gives advice in the fundamentals of handling a boat in traffic.

Aetna Casualty has already made a number of films on boating, the most recent of which was "Outboard Outboard." The films show a boat that had settled, cracked and bulged to such an extent its condition created an unsafe and dangerous situation with the possibility of its caving in.

### Two Other Cases

Counsel could find only the *Whaley vs Travelers Fire* case involving the comparatively new collapse coverage. The high court called attention to two cases in other jurisdictions involving identical collapse provisions in policies—*Central Mutual vs Royal, Alabama*, 113 So. 2d 680, and *Nugent vs General of Seattle*, 8 Circuit, 253 Fed. 2d 800.

After reviewing all these decisions, however, the Kansas supreme court decided to place its own construction on the collapse clause of the policy involved. Therefore it rejected the insurer's contention that the clause is unambiguous and held that it is susceptible of more than one construction, the construction most favorable to insured being favored.

Further, the court said, collapse as used in the insurance is to be interpreted "as comprehending that, brought about by unusual and extraordinary circumstances which the parties to that agreement could not normally expect or foresee on the date of its execution, the settling, falling, cracking, bulging or breaking of the insured building or any part thereof in such manner as to materially impair the basic structure or substantial integrity of the building is to be regarded as collapse" as used in the policy.

The court also noted that the policy insured against loss caused by collapse of building "or any part thereof." The quoted phrase precluded instruction by the trial court that the collapse had to be serious enough to make the property unsuitable for use as a dwelling, the court stated.

ings," made with the cooperation of U. S. Coast Guard Auxiliary and released last summer.

Mr. Cullen traced the history of its various highway safety devices since the development of Aetna Reactometer in 1935, through the Drivotrainer which is now used in 80 high schools in 20 states.

The Sailorometer is a public training tool designed to make boaters aware of the rules of the waterways. The device is being exhibited at the current national boat show in New York's Coliseum and will be shown at boat shows throughout the country. It will also be made available to newspaper and TV stations wishing to sponsor boating safety programs.

The Sailorometer combines the bow-half of a motorboat with wide-screen movies to produce a voyage. During his excursion of the motion picture waterway, the helmsman taking the test pilots the craft through 10 common boating maneuvers designed to check his knowledge of the "rules of the road" and other boating safety practices. He has to turn quickly to clear a water skier, then slow to avoid flotsam, guide his boat across another's wake at the proper angle, steer right to pass safely an approaching boat in a narrow channel—and so on, through 10 tests ending when he reduces speed to begin docking maneuvers.

All the while, a mechanical "master mariner" automatically marks his score on a card that is ejected at the conclusion of the run.

The Sailorometer's cockpit is equipped with the same instruments and controls found in a real motorboat, including ignition key, starter button, steering wheel, gear lever, hand throttle and a working speedometer which registers up to 40 mph.

The color movie, projected on a wide-screen directly over the Sailorometer's bow, starts by showing the operator how to get the boat under way.

## May Double Authorized Stock Of Wolverine

Directors of Wolverine of Battle Creek plan to present to the stockholders a proposal to increase the authorized stock of 100,000 shares of \$10 par to 200,000 shares of \$10 par. If approved, it would be possible for the company to declare a 100% stock dividend.

## Wargin Elected President

Lewis Wargin, Hartford Accident, has been elected president of Casualty Managers Assn. of Wisconsin. Robert Filipowicz, Aetna Casualty, is the new vice-president; Walter F. Bogk, Fidelity & Casualty, secretary, and Thomas O. Malmstone, Standard Accident, treasurer. All officers were elected for a two year term.

Hardware Mutuals of Stevens Point have begun construction on a 30,000-square foot office building at Dallas, which will house the southwest district office and the Dallas branch office.

## Stewart, Smith (Ill.) Names 3 At Chicago

Stewart, Smith (Ill.) has appointed William Macmillan fire department manager, Francis Atkinson manager of the claims department and Maynard Barger fire department superintendent.



William Macmillan

Before going with Stewart, Smith, Mr. Macmillan was with General of Seattle at Chicago and St. Louis and was superintendent of the commercial and personal multiple peril department in the western department at Chicago for National Fire.

Mr. Atkinson was formerly super-



Maynard Barger



Francis Atkinson

visor of the claims department of Zurich. Mr. Barger, who was also formerly with General of Seattle at Chicago has been underwriting fire and allied lines at Stewart, Smith, since 1951.

## Hayes Gets Nod In La.

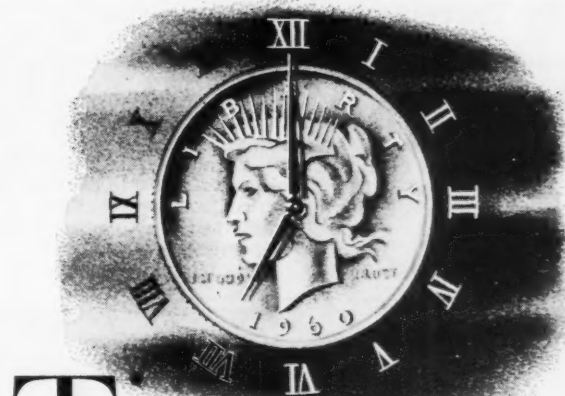
In the run-off primary election in Louisiana this week, Rufus D. Hayes, insurance commissioner, was reelected by a majority of more than 100,000 over Paul C. Tate, plaintiff's attorney of Mamou. This is considered tantamount to election, though the final election is held in April.

Mr. Hayes is completing a four year term in the office.

## Daniel Kuehl Is Promoted

Daniel H. Kuehl, office services manager of Home Mutual of Wisconsin, has been named assistant vice-president in administration. Mr. Kuehl will supervise office services facilities in the district offices in addition to those in the home office. He joined the company in 1955 as agency secretary after working as a field representative for Millers National.

Mildred T. Linn, secretary of Excelsior, was given a dinner by associates in honor of her 35th anniversary with the company. Miss Linn was secretary to three presidents of the company, the late Frederick V. Bruns, Robert C. Hosmer and Forrest H. Witmeyer, present holder of the office who attended the dinner. Miss Linn was formerly corporate secretary of Excelsior.



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## Waddell, Four More Raised By Travelers

Travelers has named Walter C. Waddell secretary in the methods and planning department, and Leon J. Kagey and Alden R. Richardson assistant secretaries in branch office administration. Jack E. Larson has been named assistant secretary of the fire and marine department and Roland E. Reed Jr. assistant secretary of the marine department.

Mr. Waddell, with the company since 1949, became a methods analyst

before he was named assistant secretary in 1957.

Mr. Kagey joined Travelers in 1950 at Richmond, Va. He was at New Orleans, Atlanta, Charlotte and Brooklyn before he was transferred to the head office and named branch office supervisor in 1955. Mr. Richardson, with the company since 1938, has been at Albany, Syracuse and Houston. He was transferred to the Hartford branch office as assistant office manager in 1953, and was named branch office supervisor in 1955.

Mr. Larson joined the company in

1956. He was previously secretary of Multiple Peril Insurance Rating Organization and before that with Atlantic Mutual. Mr. Reed has been with Travelers since 1948. He was named assistant marine underwriter in 1951, marine underwriter in 1954 and chief marine underwriter in 1957.

## Donnelly At Pittsburgh

American Home has appointed Thomas L. Donnelly special agent at Pittsburgh. He will be associated in western Pennsylvania operations with Jack C. Cure, manager at Pittsburgh.

## N. J. Child May Sue For Pre-Natal Damage

The New Jersey supreme court has upset a 17 year old precedent by ruling that children injured before birth have the right to sue for injuries.

In a unanimous decision, the court ordered a new trial of a suit by Thomas Smith of Keansburg on behalf of himself and his son. Mr. Smith, his pregnant wife and two other persons were riding in a car driven by Mrs. Felix Brennan, also of Keansburg, when it was in collision with another car in 1957. As a result, Smith claimed, his son Sean was born with permanent leg injuries.

Smith sued for \$50,000 on his son's behalf and for \$10,000 on his own behalf for medical expenses. He also asked damages for injuries to himself and his wife. The suit on behalf of the son was dismissed in superior court last May.

In reversing the case on appeal, the supreme court held that the principle that a child has the legal right to begin life with a sound mind and body must be recognized. Former decisions have held that a child is merely part of its mother before birth. The supreme court said that medical authorities have now recognized that a child has a separate existence from the moment of conception, and if the wrongful acts of others cause injuries to it before birth, damages should be recoverable by the child.

## Hausmann, McQuade In Conn.; Davis To Va.

London & Lancashire has appointed Henry A. Hausmann Connecticut state agent to succeed William S. Davis, who has been transferred to Virginia.

Donald W. McQuade, who has been in charge of the agency service department at the home office, has been appointed special agent and will be associated with Mr. Hausmann. Vincent B. Hurlbut will succeed Mr. McQuade in charge of the agency service department.

## Time Appoints Liddiard

Time of Milwaukee has appointed G. B. Liddiard comptroller.

He was formerly assistant comptroller for Life of North America in Philadelphia. From 1953 to 1957 he headed Berkshire Life's tabulating division and prior to that was with Great-West Life.

Standard Accident has transferred Robert K. Mitchell from Detroit to Pittsburgh as claims adjuster.



## "Best viewpoint on claims"

Not just one of the best but "the best" . . . that's how Standard Accident claim service rates with Al Pound (above). And, we think you'll agree, Al's opinion on the subject is exceptionally well qualified because: 1) he has been in the insurance business since 1922; 2) he's president and treasurer of Taylor & Pound, Inc., well-known Tampa, Fla., insurance corporation; 3) his firm has represented Standard Accident for a number of years.

Quoted in full, Al has this to say . . . "It is my belief that the reputation of any insurance agency is no better than the claim service rendered by the companies it represents. In my opinion, Standard Accident has the best viewpoint on claims of any company I have ever been associated with. Their promptness and their attitude of fairness for all parties involved is exceptional. They always give us the benefit of all their thinking and never fail to ask for, and respect, our opinion.

Unfailingly, the final decision reflects the best interests of the policyholder, agent and company."

This high regard for Standard Accident claim service is reflected many times over by Standard agents everywhere . . . testimony to the fact that the Company's stated claims policy is more than a statement. It's a *guarantee*, in print, on page one of the Company claims manual. Want to see it? Ask your Standard Accident representative.



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## Says Innovations Threaten Foundations, Not Margins Of Business; Cites Progress

(CONTINUED FROM PAGE 13)

tempt by Nationwide Mutual to respond to its social and economic responsibilities by recognizing that the financial loss and the social consequences are just as great for the accident victim, even if fault cannot be established. In a great many accidents it is impossible to fix the blame, even when all the facts are available. Recognizing this problem, the courts often depart from the strict letter of the law and attempt to compensate the victim roughly in terms of his losses. Fixing the amount of damages in BI cases is largely a matter of subjective evaluation, and jury verdicts often reflect all the chance elements of a lottery, Mr. Rennie said.

The growing popularity of the doctrine of comparative negligence is a recognition of and an attempt to solve the problem of accident compensation by various state legislatures. Nationwide Mutual's family compensation coverage, on the other hand, removes much of the gamble and haggling over third party claims.

### Other Examples

A third example of fundamental product innovation lies in the homeowners policies and their latest variations. The recent modifications, relating to the deductible features of homeowners, show the strengths and pitfalls of rapid innovation. Whereas the homeowners package has been a popular form, the newer deductibles have brought many competitive problems. Certainly the feature is sound in principle, and insurers have an obligation to encourage and to educate policyholders to serve their own interests.

Merit rating auto plans are providing dramatic new innovations, Mr. Rennie continued. Deep-rooted insurance principles are being tempered by the obvious public demand for greater individual equity in rates. The competitive struggle among auto insurers will probably be on this rating battlefield, and the group that has the soundest classification structure will win the day.

Nationwide Mutual has tested the attitudes of motorists toward merit-demerit rating in several surveys, and the results show that at least two-thirds of insured prefer such a system. This is true even when it is pointed out that they would pay higher rates than at present, if they had an accident. The company also tried to measure preferences for merit plans as opposed to demerit plans in one survey. It revealed that 56.1% prefer a merit plan; 24.3% prefer a demerit plan; 16.1% have no preference, and 3.5% oppose both plans.

### Arguments Against Plans

The arguments against individual automobile merit-demerit rating plans in terms of both principle and practice are well known, Mr. Rennie observed. Some of the defects most often observed are:

1. Individual risk rating is untenable, because the accident history of a single vehicle provides no basis for determining the probability of an accident in the future.

2. Merit rating plans have been tried before in this country, and have always failed because of a break-down in administration and outright dishonesty on the part of agents and insured. Even the long established plans in Europe are beginning to disintegrate in some countries.

3. Any conceivable definition of a chargeable accident will produce some injustices and many complaints of injustice. Nationwide Mutual believes that the bureau rule of charging only "at fault" accidents will produce continuous controversy as to whether an insured was negligent. The company counts all accidents regardless of fault, except comprehensive losses.

4. Because the vast majority of drivers do not have accidents in a given year, not much advantage can be given to the accident-free driver. In Nationwide Mutual's revised plan, however, insured can earn the minimum rate after four years of driving. This rate is approximately 80% of the company's rate and 65% of the bureau base rate.

### Expensive To Administer

5. The merit-demerit plan is expensive to administer. Keeping track of individual accident histories involves a major increase in data processing, and necessarily calls for an additional premium charge. The bureau plan also requires companies to keep track of traffic violations. This involves additional expense.

6. Merit-demerit plans have competitive disadvantages as well as advantages. It is true that lower rates for accident-free drivers tend to cement them to the companies, thereby cutting down policyholder turnover. On the other hand, because individual risk rating is a poor measure of accident probability, some good drivers who happen to have an accident will pay a penalty rate. Some competitors will likely offer them a preferred rate and take them away. At the same time, by chance, some bad drivers will be given a preferred rate. They will stay with the company and will pro-

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duce an underwriting loss. This will produce a competitive brawl.

These are only a few of the many reasons often advanced on the impracticality of merit-demerit plans, Mr. Rennie said. Yet, the public is insisting that they be tried, and sales managers want them as a competitive tool. There is even some evidence that the public interest is sounder than the certainty of the "experts."

Nationwide Mutual first developed a merit-demerit rating plan in 1955 through an affiliated insurer, National Casualty. This company now writes its

plan exclusively through independent agents in several eastern and southern states. Last year, Nationwide General was organized to sell a merit-demerit plan through agents who are under exclusive contract with Nationwide Mutual.

Nationwide General's merit-demerit plan is limited to passenger cars and vehicles rated as such, and the same coverage is granted as under Nationwide Mutual coverage. Nationwide General uses a one-year rather than a 6-month policy. Territories and classifications parallel those of Nationwide

Mutual. Agent compensation is set to minimize bias either toward Nationwide General or toward Nationwide Mutual. Nine rate levels were originally adopted so that the highest rate was six and two-thirds times the lowest.

#### Changes Made

Recently, in the light of a year's initial experience, it seemed wise to make several changes in the Nationwide General plan. The adjustments were designed to improve the "mix of business" by increasing the appeal of the plan to the really good risks, and

by increasing the premiums for marginal risks. Consequently, 11 rate levels were substituted for the nine, with both additional levels being added on the merit side. New "clean risk" business can now enter Nationwide General at a rate approximately equal to the Nationwide Mutual rate and to the rates of other auto specialty companies.

Many are convinced that in the merit-demerit innovation lies the secret of successfully writing youthful driver business. The company which can provide coverage on reasonable terms for good youthful driver business will have the loyalty and the patronage, 10 years hence, of the substantial young business and professional men of the country, Mr. Rennie declared.

### Insurance Society Of N. Y. Increases N. J. Sessions

The school of insurance of Insurance Society of New York is expanding courses instituted last fall at East Orange, N. J., for the spring semester, beginning Feb. 8. In addition to sessions on principles of insurance and suretyship, and casualty contracts, courses in fire and inland marine contracts will be available. Classes meet from 6 p.m. to 8 p.m. for 16 weeks.

### New Orleans Surety Assn. Elects Hogan President

Clarence J. Hogan, America Fore Loyalty group, has been elected president of Surety Assn. of New Orleans. John A. Lamb, Hartford Accident, is vice-president, and Richard B. Klinger, Maryland Casualty, secretary-treasurer.

### HO Pane! At Minneapolis

MINNEAPOLIS—Insurance Club of Minneapolis at the Jan. 11 luncheon heard a discussion of the 1959 homeowners policy by a three-man panel consisting of John Airhart, Fire Underwriters Inspection Bureau; Leo Brennan, Western Adjustment, and Robert O. Swenson, Hartford Fire.

### N. Y. Brokers Vie For Cruise

Prize for the broker who wins the Jaffe Agency, New York, golden anniversary new business contest is a 10-day cruise for two. Already more than 100 brokers have won prizes including gold mesh bags containing 50 silver dollars, and three-day weekends at resorts of their own choosing. The 10-day cruise will be awarded to one of 34 brokers following a drawing at a luncheon in March.



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## Bank Robbers Take To Air; Robberies Reach All-Time High

(CONTINUED FROM PAGE 9)

however, we can reach some general conclusions.

The highly organized gang of so-called professional bank robbers—the Dillingers, Barkers and Karpises of the 1930s—no longer typify bank banditry. In robbery cases alone last year (excluding bank burglary and larceny violations) 322 crimes were perpetrated by lone criminals. While these persons may have been assisted in “casing” the bank, or in making their getaway, they did enter the bank and commit the crime without assistance.

Eleven of these robberies were perpetrated by women. One of these was an expectant mother, while another appeared to be the kindly grandmother type. The men involved in bank robberies last year ranged all the way from the newest amateur with no record of any previous criminal arrest, to the hardened convict with a long prison history.

Juveniles, too, become involved in

these serious crimes. Last year four teenagers ranging in age from 14 to 19 held up a Connecticut bank at gun point and escaped with more than \$20,000. The 14-year-old boy had to play hooky from school to participate in the crime (his mother's automobile was used to enable the group to escape from the scene). The boys, other than the 14-year-old, fled to Florida where the FBI located and arrested them 66 hours later. By that time, however, they had spent \$4,000 of the loot. The only thing we can expect in bank robberies is the unexpected.

The FBI does not maintain any record of the total amount stolen from our nation's banks. A crime of this type, putting in jeopardy the lives of bank officers, employees and customers, is regarded as one of the most serious offenses investigated by the FBI. Each of these cases is afforded the most prompt and thorough investigative attention possible, regardless of the monetary loss.

### Analysis Of 100 Robberies

We did, however, make a survey of 100 bank robbery cases last year and determined that in 18 of the 100 cases the bandits obtained no loot whatsoever. In only three instances did the amount of money stolen exceed \$25,000. A loss of \$500 to \$3,000 occurred in the largest group of cases—40 of the 100 considered in this special study. The average amount for the entire 100 cases in which a loss occurred was \$5,338. That the loss can be sizable, however, is evidenced by the more than \$300,000 stolen in a New York bank robbery in 1955 and the \$105,000 taken in a Pennsylvania case last year. The largest bank robbery on record occurred in 1930 in Nebraska. That loss exceeded \$1 million. This was prior to the enactment of the federal bank robbery statute in May, 1934, which first gave the FBI jurisdiction to investigate these crimes.

Illustrative of professional activity in the bank robbery picture was the recent running gun battle between bandits who held up a bank in Dearborn, Mich., and the local police. The two bandits were captured. Investigation by the FBI established that the fingerprints of one of the bank rob-

bers were identical with latent fingerprints left at the scene of five other bank robberies in the Detroit area, all of which occurred between April and September, 1958. In all of these cases the modus operandi was similar, and the bandits were similarly described. In each instance the car used in the getaway had been stolen from the downtown area and abandoned, following the crime, about a mile from the bank.

### Outlines Preventive Measures

In view of the alarming increase in violations of the federal bank robbery and incidental crimes statute, the director of the FBI recently addressed a letter to all banking and other financial institutions within the purview of this statute. This communication outlined the major preventive measures that can be put into effect to strengthen the defense of banks. It also set forth procedures to assist law enforcement authorities in the investigation of a robbery, burglary, or

larceny. The letter was intended for the officers and employees of banking institutions and was dated Aug. 12, 1959.

### Teller Gave Marked Bills

On Aug. 13, 1959, at approximately 12:40 p.m., a bandit entered the Liberty National Bank & Trust Co. in Louisville, Ky. The immediate victim of this armed robbery was the teller, Edward O. Webb. In response to the bandit's demands, Mr. Webb turned over \$3,281, taking care to include in this amount a packet of \$20 bills, the serial numbers of which had previously been recorded, as well as a packet of mutilated money that could be identified because of notations the teller had made relating to the amounts and dates on which this money had been collected by him.

Local police officers responding to the alarm were furnished with a detailed description of the robber. Within 13 minutes the police had the robber in custody. This fast action was predicated on the minute and detailed information furnished by the teller.

This case is cited because of two factors. First, Mr. Webb had been em-

### Hartford Fire Promotes J. O. Healy At Chicago

In the western department of Hartford Fire at Chicago, J. O. Healy, special agent for Cook County, Ill., for



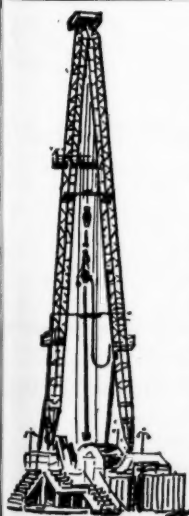
J. O. Healy



H. J. Peterson

18 years, has been promoted to assistant superintendent of the Cook County territory. H. J. Peterson, underwriting superintendent, has added to his own area of operations the supervision of all mercantile underwriting in Cook County. For many years Mr. Peterson has supervised the state of Illinois and some Cook County operations.

Messrs. Healy and Peterson began their insurance careers with Hartford Fire and each has about 30 years of



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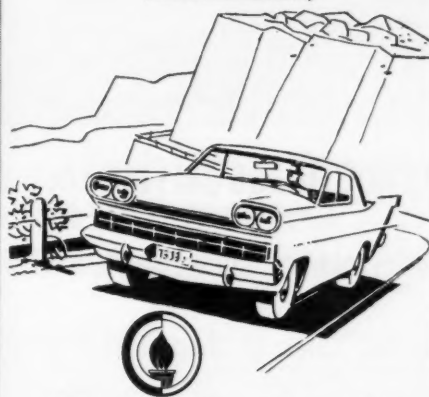
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BIORNSON, INC.  
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Minneapolis, Minnesota  
Phone: CE 3-1503

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MILLER AND WEBSTER, INC.  
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ployed by the bank for only a month. Second, just 30 minutes before the crime he had reviewed Director Hoover's letter. Seldom has an educational investment paid such immediate dividends. Special commendation is due Mr. Webb for his action in this instance.

This is not the record, however, for speedy solutions to bank robbery cases last year. Because of the alertness of a bank official and one of the bank's customers, Raymond E. Ostrander was apprehended in a matter of seconds after he had left a San

Francisco bank with \$612 in loot. Entering the bank shortly before noon, Ostrander walked up to window No. 9 and handed the teller a note demanding the \$10 and \$20 bills in her cash drawer. The teller pushed the \$612 across the counter to Ostrander. He stuffed the money in a brown paper bag and fled.

From the bank he walked directly to a nearby theater. However, a bank official and one of the customers, who had followed, grabbed him as he left the ticket window of the theater, the paper bag containing the loot still

clutched tightly in his hand. Ostrander, who had been released from a local prison only three days before, pleaded guilty when arraigned in the U. S. district court.

Solving bank robberies, however, seldom is so simple a task as it proved to be in this case. Nor is the quarry usually so amenable to being taken into custody by bank personnel. Bank employees and customers have been wounded and even killed in holdups. In many instances, weeks or months of investigation are required—and a great many suspects must be

eliminated—before it is possible to bring bank robbery cases to a successful conclusion. It is in these instances that proper action by bank officers and employees in protecting any physical evidence left by the robbers, and being alert to observe minutely characteristics of description or manner, will be especially helpful.

### Pittsburgh Mariners Club Elects Kraft As Skipper

Mariners Club of Pittsburgh elected Jack C. Kraft, marine supervisor of Home, as skipper. Ralph Fiorentino, manager of Appleton & Cox, was purser; J. C. Keegan Jr., manager of Marine Office of America, yeoman; and George B. Kurtz, assistant supervisor of National Union, master at arms.

### Albrecht Advanced By Tongue, Brooks & Co.

Charles A. Albrecht has been named manager of the fire department of Tongue, Brooks & Co., general agency and brokerage firm of Baltimore. He will assume many of the duties formerly handled by B. Ormon Hobbs, who will continue as supervising partner of the department and an account executive.

Mr. Albrecht spent seven years with Maryland Fire Underwriters Rating Bureau before joining Tongue, Brooks & Co. in 1957.

The agency was formed in 1898 and is the oldest general agency of Maryland Casualty as well as a representative of other insurers.

### Ala. Agents On TV

Birmingham Assn. of Insurance Agents is producing five TV insurance panel shows on station WBIQ of the Alabama educational television network.

The Jan. 20 program on miscellaneous coverage was moderated by G. W. Blair, with Wallace Cohen as panelist. Mr. Blair will also be moderator of the Jan. 27 program on homeowners with James M. Callaway Jr., president of Birmingham association, as panelist.

### Cassady Ky. Assistant

L. D. Cassady has been appointed assistant insurance commissioner of Kentucky. For 10 years Mr. Cassady has operated an agency in LaGrange and he has had 17 years in the life business with Western & Southern and Independence L&A.

### San Antonio CPCUs Elect

San Antonio chapter of CPCU has elected William Black, Texas Employers Association, president. Thomas Pavlak, Employers Casualty, vice-president, and Hays Tucker, America Fore Loyalty, is secretary-treasurer.

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## Cavanaugh, Graham In Top Aetna Life Group Legal Posts

Daniel P. Cavanaugh has been named general counsel of Aetna Life group. John C. Graham has been advanced to counsel of Aetna Casualty and Standard Fire.

Mr. Cavanaugh will head the law department of all the companies. With the organization since 1923, he was appointed assistant counsel in 1936 and later became assistant general counsel. He has been associate general counsel for the past year.

Mr. Graham, who has been associate counsel of Aetna Casualty and Standard Fire for the past three years, joined the group in 1939 and was appointed assistant counsel in 1948.

## Central Mutual Names New Boston Manager

Richard M. Gordon, assistant manager at Boston for 10 years for Central Mutual of Van Wert, O., has been named manager there. He has been with the company since 1944. Before going with Central, he was with New England Life for three years and with United Mutual Fire (now Liberty) for eight years.

## Two Regional Managers Named By Mutual Of Omaha

Ronald Miles, Mutual of Omaha district group manager at Omaha, has been advanced to regional group manager of a seven-state territory in the Omaha-Denver area. Walter Mailand, district manager at Detroit, has been promoted to regional manager there. Mr. Miles has been with the company 10 years, and Mr. Mailand since 1947.

Robert Phillips, group representative at Atlanta, is now district manager there. He has five years' experience in group underwriting.

New district group manager at Los Angeles is John Pothén. He has been with the company since 1952 as group representative at Seattle, Portland, Ore., and Los Angeles.

Gary Hild, group representative at Chicago, will head a new group office at St. Louis.

Richard Sampson, field benefits manager at Los Angeles, has been appointed field benefits supervisor of the West Coast region. Delbert Hillmer is new benefits manager of the Chicago district group office.

## Bill Would Boost Salary Of Kentucky Commissioner

A bill has been introduced in the Kentucky legislature to increase the salary of the insurance commissioner to \$12,000. Another bill would eliminate the board of claims, which handles claims against the state, and return that responsibility to the workmen's compensation board.

## NFPA School Conference

A conference on school fire safety was held by National Fire Protection Assn. in New York.

Chester I. Babcock, NFPA fire record department manager, discussed what has happened to schools since the December, 1958, Chicago school fire. Deputy Chief Raymond M. Hill of the Los Angeles fire department described lessons learned from the recently concluded fire tests in a school building there.

Robert S. Moulton, NFPA technical

secretary, treated differences between safeguards for life and for property. The architect's view on school fire safety was covered by John C. Thornton, chairman of American Institute of Architect's committee on human safety, and the school administrator's view by Radcliffe Morrill, superintendent of schools of Pelham, N.Y. Francis R. Schere, superintendent of school buildings at Rochester, N.Y., and chairman of the NFPA committee on safety to life, presented new proposals on school fire safety for the NFPA building exits code.

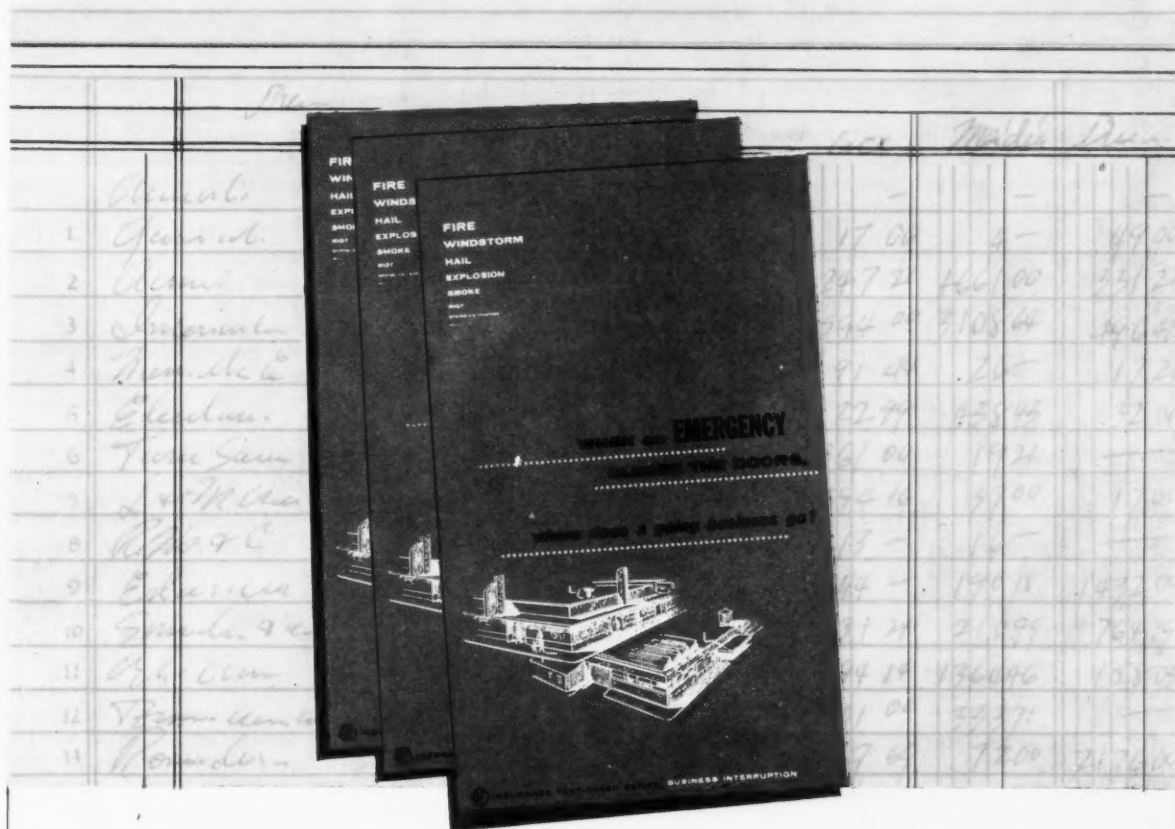
## John Street Club Elects Donald Rindell President

Donald Rindell of Marsh & McLennan was elected president of the John Street Club at the annual meeting. He succeeds William C. Simpson of Royal-Globe.

Cornelius J. Reid Jr., C. J. Reid & Co., was elected vice-president. Lawrence F. Corroon, R. A. Corroon & Co., was reelected secretary, and George Knapp, Chubb & Son was appointed treasurer.

## Actuarial Firm Studying Tenn. Auto Rate Filings

The Tennessee department retained Bowles, Andrews & Towne, Richmond, Va., actuarial firm, to study statistics and examine witnesses at a public hearing on automobile rates this week. National Bureau filed for liability increases of 25% on private passenger cars, 11% on commercial risks and 12% on garages. National Automobile Underwriters Assn. sought a 5.5% increase on PHD.



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## Editorial Comment

### Ad Men Climb Totem Pole

Top management in all fields of American business has big plans for advertising men. Ad managers in general have long wondered about their place and importance in the corporate hierarchy. They were reassured by survey findings presented at the annual convention of Assn. of National Advertisers at Hot Springs, Va. Insurer management, which is becoming more marketing minded, should find the results stimulating.

In the association's survey, top executives of the country's leading companies were asked whether they were interested in advertising. The typical response was: "We must be. We have to concern ourselves with advertising, or we default in our responsibility to stockholders. We can no longer be uninformed, disinterested or naive about advertising, as we perhaps could be a few years ago."

With greater recognition, however, the ad men must expect more critical analysis of their function. A top officer of one of the country's 10 leading advertising spenders, said: "Advertising is an important and powerful force in the economy. But when it comes right down to the application of advertising to the particular needs of a business, it is time to leave the world of generalities and get down to specifics. Most of the advertising presentations I have seen are pure pie in the sky."

The survey included a query on whether there are any practices or attitudes common among advertising people that make top management a little hot under the collar. One executive replied: "The thing that irritates me most is the lack of objectivity on the part of some ad agency people and, to a somewhat lesser extent, our own company ad people. They always feel that they have to put on a pitch—the big sell. The only time I see them is when they want to sell a bill of goods. What I want most is a counselor. I want someone who will come to me with knowledge about my business and about advertising. I want him to say: 'We have been studying the situation on product X and we

conclude that we could reduce the expenditure on advertising. Put the emphasis on something else, because this is not a good investment.' If I ever recovered from the shock, that man would have made a friend for life."

The survey disclosed three areas of concern to top management in all types of business. They are:

1. Top management needs, wants and will insist upon coming to grips with some of the enigmas of advertising—particularly a better way of judging return on the investment.
2. Top management recognizes the need for better integration of advertising with other phases of the business; selling, product development, research, finance and other phases.
3. Top management is insisting on a more businesslike and objective approach to the entire question of advertising.

Some insurers have made constructive moves in the second of these areas of concern. The new marketing divisions of a number of companies include the advertising unit. This would automatically imply progress in the third area. With regard to the first, insurers have at least the consolation of knowing that other businesses have as yet made little progress.

Insurers could learn a good deal from the comments of Don C. Miller, marketing vice-president of B. F. Goodrich Co., who addressed the convention on the topic of client-ad agency relations. He believes that the client has the right to expect competent, key men on the account; clear, unequivocal recommendations with supporting reasons for their adoption; professional conduct, especially in handling confidential information, and, of course, a good ad program.

The ad agency has the right to expect all necessary information about the business, direct access to the executive who makes the decisions, professionally competent company advertising management, and a fair shake at making a profit on the account.

These demands on companies seem

reasonable and in their own best interests, if they expect a vital ad program. Yet it must be doubted if many insurers have met all of them in past dealings with ad agencies. Not only have these agencies sometimes been denied full access to all necessary information, but in some cases the company ad manager with whom they negotiate has not been in full possession of all the facts. This has perhaps been due less to a desire for secrecy than to lack of coordination of the advertising function with "the working side of the business." Insurer advertising functions long have been somewhat regarded as a form of corporate embroidery.

As for direct access to the executive who makes advertising decisions, this has sometimes been impossible because such decisions have often grown out of committee meetings of insurer officials who "know little about advertising—but know what they like." Their compromise decisions—in which the ad manager often had no major voice—were usually given to him for transmittal to the ad agency.

The new marketing divisions of insurers should provide a remedy. The ad agency should have access to the top executive in charge of these units when necessary. But in general, the ad managers who have been made an integral part of these divisions, will be "in on" all marketing discussions. In fact, their ad programs will grow out of them. Thus they can convey management thinking to the ad agency with an authority sometimes hitherto lacking.

Insurer marketing is the most important wave of the future. Riding its crest is the ad manager. He will be able to demonstrate his skill in steering through troubled waters, or wind up floundering beyond his depth. But he will no longer be able to complain that he never got a chance. Top management seems determined to give him one.—J.N.C.

honor list. Mr. Trustam was designated Knight Bachelor in recognition of his outstanding reputation in the insurance world and particularly for his distinguished service with British Insurance Assn. of which he is immediate past president.

Glen L. Pickens, vice-president of Phoenix of Hartford, has been elected to the governing board of Monmouth College, Monmouth, Ill., of which he is an alumnus.

Lawrence R. Fisher, vice-president of the Rockwood Co. agency of Chicago and president of the Chicago Board of Underwriters, has returned from a trip to Europe where he conferred with Lloyd's underwriters in London and toured the continent.

Mr. & Mrs. C. C. Clarke are the parents of a baby girl—Kristen Marie. They also have another daughter—Jennifer Lynne. Mr. Clarke is midwest public relations director for Assn. of Casualty & Surety Companies.

## Deaths

ROBERT J. BYRNES, president of Byrnes-McCaffrey agency of Detroit, died. He was born in Chicago in 1891 but had been a resident of Detroit for about 40 years. His entire business career was in insurance. He founded Byrnes-McCaffrey with M. F. McCaffrey in 1939.

JOSEPH A. ROGERS, 54, president of the Frank S. Rogers agency of St. Paul, died at his home. He was active in many insurance organizations and was a PMLG of Minnesota Blue Goose.

Mrs. MARTHA H. BUDLONG, 84, widow of Edwin C. Budlong, former vice-president of Federal Life of Chicago, died in suburban Evanston. Surviving are three sons, all having an insurance connection—Theodore W., retired public relations manager of National Board of Fire Underwriters; Richard C., editor of Life Insurance Selling and the Local Agent magazines of St. Louis; and Roger W., former editor of a magazine for brokers and another for insurance buyers and now in the public relations business in Oregon.

JOSEPH F. SCHWEER, 66, secretary Cincinnati Underwriters Assn. for the past 40 years, died suddenly last Friday at St. Elizabeth's Hospital, Covington, Ky. He had attended the Chicago Buckeye Club dinner where he traditionally escorted the Ohio insurance superintendent, the previous Monday. He left his office early Thursday, not feeling well. On Friday he saw his doctor, who sent him to the hospital for observation. He died a few hours after entering it.

A graduate of St. Xavier College (now Xavier University) in 1912, Mr. Schweer worked for a short time for Phoenix of Hartford in Cincinnati before going with a trade association of wholesale liquor dealers. After national prohibition forced dissolution of that organization, Mr. Schweer was hired by what then was Cincinnati Fire Underwriters Assn., to replace the late John Ankenbauer. He was one of the best known and best liked local board secretaries in the country and was an organizer and past chairman of the

## Personals

Roy Tuchbreiter, chairman of Continental Casualty, has been named to DePaul University's board of lay trustees.

Charles F. Trustam, chief general manager of Royal-Globe in England, was on Queen Elizabeth's New Year's



Joseph F. Schweer

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The National Weekly Newspaper  
of Fire and Casualty Insurance

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signated secretaries group, which meets regularly during conventions of National Assn. of Insurance Agents. He was a regular figure at NAIA meetings, which he attended even during the years when the Ohio Assn. of Insurance Agents was out of the national association.

In addition to Mrs. Schweer, Mr. Schweer is survived by a daughter, Mrs. James Gilligan of Pittsburgh, and a grandson.

Funeral services were held at Fort Mitchell, Ky. Honorary pallbearers included A. M. Peck Jr., A. M. O'Connor, T. T. Bryant, T. W. Earls, A. J. Jenke, L. C. Graham, J. H. Dillhoff, Max Bernstein, L. A. Hellminger, G. B. Maggini and Gustav May, all present past board officers, and J. C. O'Connor, secretary the National Underwriter Co.

**Mrs. HELEN DUNNAHOO**, 78, owner of a local agency at South Bend which she took over from her late husband, died after an illness of a month.

**CHARLES W. McARTHUR**, 83, who for a number of years headed the mail department and license division of Hartford Fire at the western department headquarters in Chicago, died in Santa Ana, Cal., where he had made his home after he retired in 1947. He joined the company in 1913.

**GEORGE W. ROTH**, 67, who operated the Long & Hamilton agency at Louisville, died there.

**WILLIAM K. CAIRNS JR.**, 67, partner in the Blanchard & Cairns agency, New York, died at his home in Brooklyn.

**C. R. TRAINER**, 65, assistant secretary of Frank B. Hall & Co., New York agency, died at his home in Amityville, N. Y.

**Mrs. LAURA K. MORSE**, assistant treasurer of Excelsior, died in Syracuse Memorial Hospital after a brief illness. She started with the company in 1923 in the accounting department, was advanced to cashier and then to assistant treasurer in 1942.

**GEORGE F. NORGARD**, 64, superintendent of worldwide hull operations of American Foreign Insurance Assn., died after a short illness. He joined AFIA in 1921 and was one of the oldest employees in point of tenure. He was past vice-president of AFIA, the international organization of employees with the organization for 25 years or more.

**CHARLES J. PECK**, 61, vice-president and a director of Toplis & Harding, Wagner & Glidden, Chicago, died of a heart attack. He would have been with Toplis & Harding 40 years next month. Before going with the adjusting firm, he was an assistant to the late John R. Cooney when he was general adjuster of Firemen's of Newark in the western department at Chicago. Mr. Peck was 1955-56 president of National Assn. of Independent Insurance Adjusters.

## Surplus, Excess And Reinsurance Agency Planning Expansion

Anka Underwriters Agency of Newark has entered the excess and surplus lines field and the reinsurance business on a national scale. The expansion was launched at a meeting in Chicago at which directors of the enlarged firm held their first meeting.

Darwin F. Kabat of Lake Success, N. Y., was elected chairman; Bernard P. Lindquist, Glenview, Ill., was named president; George Burns, Lawrence Zonsius and Lyle E. Beierlein, all of Chicago, vice-presidents; Alvin S. Trenk of Livingston, N. J., treasurer and Arthur S. Jenchel, Oceanside, N. Y., secretary.

The firm represents a group of foreign and domestic insurance markets and will serve principally excess and surplus lines and reinsurance brokers and insurance companies.

The national expansion program includes immediate plans for making Anka's facilities available to selected offices in Boston, Atlanta, Miami, Memphis, Washington, D. C., New Orleans, Houston, Dallas, Cleveland, and Kansas City. In the coming year additional offices in other U. S., Canadian, and overseas cities will be considered.

## Papers Continue To Write Up Mich. Surety

LANSING—The name of Joseph A. Navarre, former Michigan commissioner now practicing law in Jackson, was brought prominently into the story of Michigan Surety's troubles during the past week. The company was placed in custodianship by Ingham County circuit court two weeks ago. Commissioner Blackford and R. E. Reichert are serving as custodians.

Mr. Navarre's law firm, consisting of himself and the Jackson county prosecutor, Russell E. Noble, was revealed to have been representing Michigan Surety on a \$1,000 monthly retainer basis ever since Mr. Navarre left the department in December, 1958. It was brought out further that Mr. Noble had been on a retainer basis with the company for two months prior to formation of the partnership with Mr. Navarre but Mr. Navarre denied knowledge of that fact and it was conceded that he received no part of those fees.

The ex-commissioner, a former president of the NAIC, denied that his connection with the company, which department examiners and Joseph Froggatt & Co., subsequently held to be impaired by more than \$1 million, constituted an impropriety.

Some disagreement was aired in the Michigan press throughout the week relative to a departmental examination begun in 1958, with the assistance of the Ohio department. Theodore Tub-

(CONTINUED ON PAGE 28)



## READY TO STRIKE

Ever-present . . . the hazard of fire. And, there is always the danger that clients have not insured to today's values on their old risks as well as new! Have you reminded your assureds lately?

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## Ore. Assn. Hears Musser Appeal For Improving Insurer-Agent Relations

EUGENE, Ore.—Commissioner Musser, speaking at the first 1960 meeting of Oregon Assn. of Insurance Agents, called for improved communications between agents and their companies, saying that cooperative effort between them was necessary to maintain healthy operations.

Mr. Musser cited the questions of commissions, direct billing and continuous policies as being the most serious issues presently affecting agents' incomes. These, he said, are matters of negotiation between agents and companies and are not proper subjects of regulation. He expressed surprise at negotiations being conducted by certain producer organiza-

tions with respect to commissions, and he criticized efforts to legislate commissions as being a "step closer to socialism and another avenue for federal legislation."

He assured his listeners that "Oregon has nothing to fear" from the Senate investigation on state regulation.

The Lind-Davis agency of Montgomery, Ala., has appointed Donald Anderson manager of the insurance department. He was with the C. D. Harris & Sons agency of Louisville.

"Pitfalls of Financial Statements" will be discussed by Chester M. Kellogg, vice-president of A. M. Best Co., at an all-industry insurance dinner sponsored by Twin City Casualty and Fire Underwriters associations at the Normandy Hotel, Minneapolis, Jan. 27.

## F. & C. Centralizes Southern Operations

Fidelity & Casualty has centralized its southern operations in America Fore's southern department at Atlanta which is under the supervision of Thomas D. Hughes, vice-president and manager. Heretofore, F.&C.'s administrative functions for Alabama, Florida, Georgia, Mississippi, North and South Carolina, and Virginia were handled at the head office.

Production and underwriting responsibilities for F.&C.'s southern department are now under the direct supervision of Robert T. Israel, assistant secretary. He is assisted by Superintendents J. P. Cronin, boiler and machinery; John J. Doran, automobile; H. Dougald McLean, bond and burglary; and Edward A. Murdock, compensation and liability. Floyd L. Farrell is senior supervising engineer, and John C. Rose is supervising auditor.

F.&C.'s southern claims department is under the supervision of Theodore S. Kurland, regional claims supervisor. He is assisted by Superintendents James B. Jordan, administration and operations; Thomas E. Echols, bond and burglary claims, and C. R. Harvey, casualty claims.

## Western Special Risk Committees Are Selected

Howard J. Bleser, Hartford Fire, chairman, and Otto Besch, Fireman's Fund, vice-chairman of Western Conference of Special Risk Underwriters, have appointed committees for 1960. The committees and chairmen are: Membership, P. M. Freilich, Corroon & Reynolds; research and planning, Mr. Besch; time element contracts, Will S. Ellis, Royal-Globe group; interesting losses, A. A. Dreusicke, Factory Insurance Assn.; changes in rules, J. W. Ooms, Western Actuarial Bureau; fire protection engineering, E. H. Doane Jr., Underwriters Service Assn.; nuclear energy, W. S. Wilcox, Railway Insurance Underwriters; current events, C. A. Winkler, Yorkshire; legal decisions, H. D. Hendricksen, Great American; bureau inspection reports, E. F. Gallagher, Standard Accident; multiple peril, E. W. Brockmann, Home; arrangements, Elmer E. Sademan, Agricultural.

## Baltimore Group To Eye 1959 Homeowners

Assn. of Insurance Underwriters of Baltimore will hold a panel discussion Jan. 26 on the 1959 homeowners filing at the auditorium of Maryland Casualty.

F. Addison Fowler will be moderator. Other agent participants are Rupert R. Bradshaw, Albert Cable, and Robert Smith. Company panel members are Phillip J. Dubey of Travelers; Russell W. Hawkes of Fireman's Fund; and Henry H. Hurt of Great American.

## Geary With AFIA

John J. Geary, midwest superintendent of American Foreign Insurance Assn., one of the new directors of the Chicago chapter of CPCU, was incorrectly identified in last week's issue as being with American International Underwriters.

## Elect Sullivan To Head Chicago Fire Engineers

Chicago chapter of Society of Fire Protection Engineers, at the annual meeting, elected Ralph B. Sullivan, Standard Oil of Indiana, president, to succeed Edwin N. Searl, Western Agency Bureau.

New vice-presidents are Ray Sapp, American District Telegraph Co., and George P. Stahl, National Board. Carl B. Olson, Alexander & Co., was reelected secretary-treasurer.

## Papers Continue To Write Up Mich. Surety

(CONTINUED FROM PAGE 27)

erger, Michigan chief examiner, who instigated that examination, said Mr. Navarre had authorized its discontinuance on the ground it "wasn't getting anywhere" and had cost the company \$70,000 and had damaged its prestige.

Mr. Tubergen voiced opinion, however, that had the examination been continued it would have shown the company's position as of Dec. 31, 1958 to have been substantially the same as it was a year later, namely insolvent by department standards. Hayden Jones, Ohio chief examiner, was quoted as concurring in Mr. Tubergen's view of the situation but admitted he could not call Mr. Navarre's decision definitely wrong since a move against the company at that time might have precipitated a vigorous court fight which could not have been terminated any earlier than under the present circumstances.

Mr. Navarre explained his action while commissioner as merely a discontinuance of what he called a "interim audit" in favor of a late conference examination under NAU auspices. He said such an examination was agreed upon at the New Orleans meeting just before his resignation in December, 1958. He denied, however, that his resignation was connected in any way with the Michigan Surety case and said he had wanted to quit the commissionership the previous spring but had been dissuaded. Arthur Vorys, former Ohio commissioner, was quoted as not having the impression that the 1958 examination was definitely halted but was discontinued in order to "broaden it."

## Went In Cold

Commissioner Blackford, however, said he had been given no information when he took office regarding the earlier inquiry and that he launched an entirely new investigation because of talk in the office and rumors regarding the company's operations.

Mr. Navarre explained his firm's retention by the company as primarily an effort to use his services in obtaining licenses in other states. He said his firm has been representing several other insurers since he left the department and he felt his retention was "only natural" in the light of his seven years' departmental experience and his wide acquaintance within the insurance fraternity. He said his retention by Michigan Surety was "no secret" and that he had informed Commissioner Blackford of it.

## U. S. Fire Extra

U. S. Fire has declared a quarterly dividend of 30 cents a share, which is five cents above the rate paid in 1958, payable Feb. 1 to holders of record Jan. 20. Westchester Fire, another Crum & Forster company, also has declared a 30 cent dividend, five cents above 1958.

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Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

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### SENIOR CASUALTY UNDERWRITER

The American Home Assurance Company seeking experienced man capable of assuming complete responsibility for casualty Underwriting in regional branch office. Send complete resume with first letter to: Gus T. Brannon, Resident Vice President 1210 Duke University Road Durham, North Carolina

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Man approximately 40 with at least ten years field experience adjusting fire and allied lines losses, including B. I. Considerable travel as duties will include field supervision. Outline biographical background and adjusting experience. State expected starting salary. Unusual opportunity. Replies will be held in strict confidence. Address Box L-75, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

### CASUALTY UNDERWRITER

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### Special Agent

Due to expanding business in area, progressive Mid-Western Multiple Line Stock company has opening for a Special Agent in West Texas in the Panhandle. Prefer man now employed with wide acquaintance among agents of the area. Fire and Inland Marine experience desired. Salary commensurate with ability. Write Box L-66, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Midwest company has opening for a fire underwriting manager. Must have a minimum of 5 years experience and possess management capabilities. Give full resume and salary desired. Reply Box L-92, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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The attention of well established Chicago and Chicago suburban Independent Agencies. Object—to discuss the founding of a Fire and Casualty insurance company. Reply Box L-87, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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Opportunity for young man having current pilot's license and some experience in aviation insurance underwriting with new, progressive company. Furnish complete details. Airway Underwriters, 2311 Shelby Avenue, Ann Arbor, Michigan.

### BOND UNDERWRITER

Expanding Southwestern Company needs young man with 4 or 5 years underwriting experience in bond business. Min. Age 25. Excellent opportunity in Home Office with Good starting salary. Reply to Box L-95, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

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## Set Committees For Arbitration Agreement

N. Morgan Woods, manager of the claims bureau of Assn. of Casualty & Surety Companies, has disclosed that more than 700 representatives of significant casualty companies have been appointed to the combined claims committee to serve on the network of 97 committees of Nationwide Inter-Company Arbitration Agreement. There are now 297 National companies participating in the agreement.

A list of arbitrators sent to the companies was accompanied by the suggestion that local representatives should be reminded to pay close attention to such matters as prompt filing of replies, prompt notice to the arbitration committee secretary when a file case is settled, and prompt notice when the reason for deferment of a file case has been removed.

The combined claims committee, comprised of executives of the association companies and of the National Assn. of Mutual Casualty companies, also suggested that representatives be reminded that arbitration should not be used as a substitute for settlement negotiations.

## Chicago CPCUs Schedule Forum On New Homeowners

The new homeowners policies, effective Jan. 25 in Illinois, will be analyzed at a forum sponsored by Chicago chapter of CPCU, beginning Feb. 9 at the Insurance Exchange Building auditorium. The forum will be repeated Feb. 11 and Feb. 16.

Participants will be J. Wesley Doms, Western Actuarial Bureau; William H. Rodda, Transportation Insurance Rating Bureau; Lewis R. Plast, Cook County Inspection Bureau; Warren G. Brockmeier, Homer Gwinn & Co., and Richard H. Vong, Millers National. Moderator will be William T. McElveen, Wineman Brothers.

Tickets are available for \$1.50 from Chicago chapter of CPCU.

## American Promotes Two

American has named Girard J. Doyle and Willard E. Schenck superintendents in the claim department.

Mr. Doyle joined American in 1946 as an examiner in fire, marine and material damage auto claims. In 1958

he was promoted to assistant superintendent. Prior to joining the group in 1945, Mr. Schenck was for six years with Travelers. With American, he was a fire and marine claim examiner before he became assistant superintendent in 1958.

## Casualty & Surety Club Of Baltimore Elects

Casualty & Surety Club of Baltimore has elected Henry F. Kruelle, U.S.F.&G., president; Henry C. Garde, Fidelity & Deposit, vice-president; D. F. Englar Jr., U.S.F.&G., secretary, and C. M. Snyder, New Amsterdam, treasurer.

## St. Louis Groups Install

Officers of Casualty Executives Assn. of St. Louis and Surety Assn. of St. Louis were installed at a joint dinner meeting of the organizations last week at which James Hogan of Aetna Fire served as master of ceremonies.

Casualty Executives have as officers William H. Crandall, Aetna Fire, president; R. N. Millure, Aetna Casualty,

vice-president, and E. K. Musgrave, Home Indemnity, secretary.

The Surety Assn. officers are: President, Orville Sackett, U.S.F.&G.; vice-president, J. M. O'Day, Hartford Accident, and secretary, P. V. Pruess, Massachusetts Bonding.

## Lincoln Hatlestad Retires

Lincoln E. Hatlestad has retired as insurance department manager of David C. Bell Investment Co. of Minneapolis after having been with that organization for 55 years. He started at the age of 16 assisting in general office duties. He was made insurance manager nine years later. He has been prominent in the activities of Minneapolis Assn. of Ins. Agents, Insurance Federation of Minnesota, Insurance Club of Minneapolis and Minnesota Assn. of Insurance Agents.

## Montana Assn. Holds Meeting

The winter meeting of Montana Underwriters Assn. was held at Helena. Robert Swanberg, chairman of Industrial Accident Board, discussed workmen's compensation and the new occupational disease law.

## London & Lancashire Advances Barberich

London & Lancashire has advanced Emil L. Barberich from special agent in New Jersey to agency superintendent at San Francisco.

Mr. Barberich joined the group in 1930 as assistant liability underwriter at New York. After military service he became associated in 1950 with O. H. Day, state agent in New Jersey.

## New Mexico Agents Set Seminar

New Mexico Insurers will conduct its first annual property and casualty insurance seminar for its agents and certain company personnel Jan. 29-31 at Western Skies Hotel, Albuquerque. The instructional staff will include Curtis M. Elliott, University of Nebraska insurance professor and educational consultant for National Assn. of Insurance Agents, who has taught similar seminars in several midwestern states; Richard C. Allgood, executive secretary of Nebraska Assn. of Insurance Agents, and Thomas E. Speer, executive secretary of New Mexico Insurers.



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## Life Companies Protest Against N. Y. Ban On Multi-Line Sales

(CONTINUED FROM PAGE 1)

amendment is being proposed by the insurance department.

"This department, of course, has considered and suggested to your committee for its consideration areas in which legislation might be enacted to smooth the path for multiple-line operations on the part of fire and casualty insurers. It has not proposed that the powers of life companies be extended to permit the doing of fire and casualty business.

"The insurance law forbids the doing of such business by domestic life companies. With a limited exception (which applies only to two foreign companies whose operations were recognized by the enactment of section 42(6)), the insurance law does not permit a license to be issued to a foreign or alien life insurance company which is doing such business.

"The reasons for so confining the operations of life companies are longstanding and relate not only to the

particular nature of life insurance risks and obligations but also to matters of important social and economic policy. Under such circumstances I would like to be entirely clear that this department does not endorse the proposal for amendment of the law in this regard."

The most comprehensive testimony was that given by John G. Kelly, assistant general counsel of Mutual of New York. He quoted a recent statement by Robert A. Rennie, vice-president of Nationwide: "Property and casualty insurers are moving rapidly to acquire life affiliates. Today more than 100 insurance organizations are writing all major lines and generating at least 20% of the total premiums in life, property and casualty insurance."

"This entry into the life insurance field by other insurers," said Mr. Kelly, "has been occasioned in part by the desire of business to serve the

consumer interest through increasing the convenience with which related needs may be met. The efforts of this already sizable and growing section of the business are directed to providing a complete service—in this case comprehensive coverages to meet all types of insurance needs—performed by one company or a group of companies.

"This is only a reflection of similar efforts being made in many other fields of enterprise. In the insurance business these efforts are based on the belief that many developments, particularly in the field of office equipment, including electronic calculating, recording, bill and policy issue machines, now offer opportunities for economies and other advantages in this type of comprehensive insurance operation which were never before possible.

"There is some evidence that this type of comprehensive service through a single organization is something that the public is interested in having developed. There is evidence that it is already a recognizable factor in competition and it can easily become an exceedingly potent force.

### Will Be At Disadvantage

"If this trend continues, life insurance companies incorporated in New York manifestly will be at a disadvantage and in no position to defend themselves unless the present law is changed so that they may enter, if they desire, other insurance lines. Until this change is made there will probably not be any serious study undertaken because it would be wholly futile if the present restrictions remain."

Mr. Kelly strongly stressed the point that the New York statutory restrictions that keep life companies from multiple-line operations "date back to an era which is long passed."

"Since that time," he said, "there have been vast changes in the sense of public responsibility of company managements, in regulation to assure financial stability and in the many safeguards in materials and mechanization against the hazards of catastrophic losses which existed in earlier and simpler days.

"Rather outstanding success, long carried on without fanfare, of the multiple-line writing by the two large Connecticut companies already mentioned appears to furnish concrete evidence of the best kind that there is

nothing unusual or dangerous or in any way against the public interest in having combination companies.

"In the light of these facts, fairness and realism suggest that multiple-line insurance operations should be made a two-way street, so that domestic life insurance companies, if they can desire, may effectively compete in the broad insurance field. Otherwise, insurance companies incorporated in New York will be at a distinct disadvantage in increasing competitive disadvantages both within and without the state of New York—in relation to casualty and property insurance companies with which they are now permitted to engage in the life insurance field.

"Therefore, we urge that the New York law be amended so as to permit domestic life insurance companies, at the discretion of management, to provide broad insurance coverage in other lines."

### Offers Data On Laws

Mr. Kelly offered for the record a compilation listing multiple-line firms which are headed by life companies. He also placed in evidence a summary of the laws of the states and the District of Columbia showing whether domestic life company may do a fire and/or casualty business and the restrictions on insurance stock investments made by domestic life insurers.

Ronald B. Swinford, vice-president of New York Life, read a letter from Clarence J. Myers, the company president and chairman. Mr. Myers said New York Life has made no decision to write other lines if permitted to do so but does favor the proposed amendment.

He said the law permits fire-casualty companies to do a life insurance business and permits two prominent life companies to do a fire-casualty business, a situation that points up the inequity of the present law and calls for remedial legislation. He emphasized that such legislation should contain safeguards that would prevent a life company from getting too much of its assets behind its general line risks.

### Plugs For Legislation

Frederick W. Read Jr., counsel of Home Life of New York, said it would be "logical and desirable" to enact the proposed enabling legislation, though Home Life has no immediate plans for getting into the general lines business and has not even discussed whether it would do so if the law were changed.

A letter from President James F. Oates Jr. of Equitable Society, read by the committee's special counsel, Julius Wikler, former New York insurance superintendent, said the company has no plans for writing general lines but Equitable feels there is merit to the

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is or position that if casualty companies interest in write life insurance there should be a parallel right of life companies to engage in casualty lines.

multiple-line President John L. Cameron of the Guardian Life expressed concern over the fact that fire-casualty companies they can acquire life companies but not vice versa. He said it is not an immediate problem for Guardian, but the company gets a good proportion of its income from general insurance brokerage and in time the tendency would state for brokers to take their life business to the life companies affiliated with their fire and casualty companies. However, he said Guardian has no immediate plans to do a fire-casualty business if the law should be recommended.

Mr. Cameron pointed out that if the life insurance subsidiaries of fire-casualty companies grow as they may be expected to grow, the subsidiary should in time have more assets than the parent company, so that the "child" would be of greater significance than the "parent," bringing about much the same situation that the present law is designed to prevent.

Buist M. Anderson, vice-president and counsel of Connecticut General Life, said the reason he was testifying was that his company's interest in the matter was so widely known that it might have been thought strange if he had not made an appearance. He disclosed that last Feb. 16 Connecticut General had brought suit for declaratory judgment in the state supreme court in New York county seeking to establish that Connecticut General and other companies in a like position were entitled to acquire fire and casualty affiliates, which thus far they have been prevented from doing by an opinion of the state attorney-general interpreting the insurance law.

"We don't relish the present situation, in which a fire or casualty company can acquire a life company but a life company can't acquire a fire or casualty company," he said. "We believe the present law has been misconstrued and if not, that it is in conflict with both the federal and state constitutions."

Mr. Anderson said a complaint and answer had been filed in the suit and that a stipulation of facts was about to be signed and perhaps already had been. A motion to bring the

case to trial soon is expected, he said.

The committee chairman, Sen. Condon of Yonkers, said the committee doesn't anticipate putting in a bill at this session. The hearing was entirely exploratory, he said, adding that he himself has no position on the question.

"We're just here to find out what the score is," he said.

Several other life companies filed statements with the committee in favor of the proposed legislation, including Paul Revere-Massachusetts Protective and United States Life.

Besides Chairman Condon, Vice chairman Frank J. McMullen, Brooklyn broker, was the only other committee member present.

#### Digest Of State Laws Given

The compilation of state laws filed with the committee by Mr. Kelly listed 13 states as permitting domestic life companies to write fire and/or casualty insurance if permitted by the company's charter: Alabama, Alaska, Connecticut, Delaware, Georgia, Maine, Mississippi, North Dakota (stock companies only), Oregon, Rhode Island, South Carolina, Tennessee and Wisconsin.

In the remaining 38 states a domestic life company may not write fire and/or all casualty lines except where permitted by a "grandfather clause." In some of these states domestic life companies have authority to write some forms of casualty insurance, e.g., employers liability insurance.

#### Some States Impose Limit

It appears that the investment laws of 34 states would permit a domestic life company to acquire a fire and/or casualty affiliate or subsidiary.

In the remaining 17 states the investment laws do not expressly authorize a domestic life company to acquire a fire and/or casualty affiliate or subsidiary.

Mr. Kelly submitted lists of multiple-line groups headed by life companies, by fire or casualty companies and by non-insurance corporations, such as Sears, Roebuck. Following is the list of fleets headed by life insurers:

Beneficial—Beneficial F. & C., Beneficial Standard Life, British Pacific and Fidelity Interstate Life.

Aetna Life—Aetna Casualty, Aetna Life, Standard Fire.

Travelers—Charter Oak Fire, Travelers Indemnity, Travelers Ins. Co.

Peninsular—Peninsular Fire, Peninsular Life.

Bankers Life & Casualty—Bankers L. & C., Constitution Life, Dubuque F. & M., Gotham Life of New York, Life Insurance Corp. of America, Manhattan Casualty.

#### Old Republic's Setup

Old Republic—Old Republic Ins. Co., Old Republic Life.

Security Life of North Carolina—Blue Ridge Ins. Co., Blue Ridge Life, Security Life & Trust.


State Capital of North Carolina—State Capital Ins. Co., State Capital Life, State Life of N. C.

Surety of South Carolina—Liberty Life, Southeastern Life, Surety Ins. Co., Surety Life.

Interstate of Tennessee—Interstate Fire, Interstate L. & A.

Great Southern of Texas—Great Southern Life, Sentinel Indemnity, Superior Ins. Co.

State Mutual of Flint, Mich., has moved into its new building at 2776 Flushing Road. It had been located at 702 Church Street for 30 years.



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